

**HEALTH SERVICES AND DEVELOPMENT AGENCY**  
**JUNE 24, 2015**  
**APPLICATION SUMMARY**

NAME OF PROJECT: Parkridge Medical Center

PROJECT NUMBER: CN1503-007

ADDRESS: 2333 McCallie Avenue  
Chattanooga (Hamilton County), TN 37404

LEGAL OWNER: Parkridge Medical Center, Inc.  
2333 McCallie Avenue  
Chattanooga (Hamilton County), TN 37404

OPERATING ENTITY: Not Applicable

CONTACT PERSON: John Wellborn  
(615) 665-2022

DATE FILED: March 12, 2015

PROJECT COST: \$61,459,477

FINANCING: Cash Reserves

PURPOSE FOR FILING: Major construction with expenditures greater than 5 million dollars

DESCRIPTION:

Parkridge Medical Center (PMC), a 275 bed acute care hospital operating under the consolidated 551 bed license of its owner, Parkridge Medical Center, Inc., is seeking approval to remodel and expand floor space of several patient care and support departments, and to acquire an additional cardiac catheterization laboratory and bone densitometry unit on its main campus at 2333 McCallie Avenue, Chattanooga (Hamilton County), TN 37404. The proposed project totals 92,662 total square feet, of which includes 54,049 square feet of renovated construction and 38,613 square feet of new construction.

## SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

### **CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS**

#### **3. For renovation or expansion of an existing licensed healthcare institution:**

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.**

*Parkridge's total surgical cases are projected to increase 5.5% from 10,684 in 2012 to 11,273 in Year 1 (2017-Phase 1) of the proposed project.*

*Currently Parkridge operates 2 laboratories for diagnostic and therapeutic cardiac catheterizations, and 2 laboratories for electrophysiology (EP) studies. The following table indicates Parkridge Medical Center's 2 diagnostic and therapeutic cardiac catheterization labs were operating at 102% of capacity from 2011-2013 and is 46% above the utilization threshold to justify additional cardiac catheterization services.*

	Diagnostic Cardiac Volume	Therapeutic Cardiac Volume	Total Cardiac Volume	100% Capacity (2 Labs)	% of capacity (2,000 cases per lab)
Weighted Volume	3,198	896	4,094	4,000	*102%

*Source: CN1503-007 based on TDH Calculations of weighted Cases 2011-2013*

*\*Excludes EP studies and Peripheral Procedures.*

*It appears that this criterion has been met.*

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.**

*The project updates and expands several patient care and support departments in both renovated and new space. Operating rooms need to be enlarged and surgical support areas need to be realigned and upgraded. Imaging will be relocated as a result of the OR expansion which will require construction of new space on the front of the hospital. Medical Departments are being relocated to make maximum use of existing space. There is not any existing vacant space left in the hospital to accommodate services (imaging, pharmacy, registration) that are planned to be located in new construction on the 1<sup>st</sup> floor. Please refer to Table Two-D on page 10 of the original application for proposed changes in hospital departments.*

*It appears that this criterion has been met.*

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## Staff Summary

*The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.*

Parkridge Medical Center was constructed 44 years ago; houses six departments that currently need to expand or relocate within the existing main campus. The six departments include 3 patient care departments (surgery, imaging, and catheterization services) and 3 support departments (registration, pharmacy, and laboratory). The only patient care department that is gaining any significant treatment capacity is the cardiac catheterization area, where one laboratory will be added to the four laboratories that now exist. The other 2 patient care departments will not increase treatment capacity (except for the addition of a bone densitometry unit to the imaging department).

The proposed project will consist of 2 phases of construction. Phase I is anticipated to be complete in March 2017 and Phase II in May 2019. Please refer to the Project Completion Chart on page 61 for additional details.

*Note to Agency Members: If approved, Parkridge Medical Center has requested an extended expiration date of five years, which is two years beyond the normal expiration date for hospital projects.*

The following is a brief overview detailing the proposed changes and location for each of the six departments.

### Patient Care Departments

- 1) Surgery-Planned to remain on the hospital 2<sup>nd</sup> floor and will enlarge four of its 13 operating rooms to meet the needs of current surgical teams and equipment. The four OR's will increase from 415 SF to 625 SF. The other 9 ORs will be updated but not enlarged. Surgery also needs to add stations to its Post-Anesthesia Care Unit (PACU) and to reconfigure and improve support areas. The PACU will increase from 13 to 16 stations. Please refer to table Two-C on page 9 regarding the proposed OR changes.
- 2) Imaging-The relocation of the entire imaging department (currently located next to the surgery department on the 2<sup>nd</sup> floor) will be needed as a result of the expansion of the surgery department. The imaging department will be relocated from the 2<sup>nd</sup> floor to a newly constructed 1<sup>st</sup> floor addition on the front of the hospital. An existing MRI and CT located on the 2<sup>nd</sup> floor will be relocated to the 1<sup>st</sup> floor as well as the addition of a bone densitometry unit.

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- 3) Catheterization Services-Will remain on the 2<sup>nd</sup> floor. A fifth catheterization lab will be added. The catheterization recovery unit will expand from 7 to 21 stations.

#### Support Departments

- 1) Registration-The registration area will remain on the 1<sup>st</sup> floor and will increase from 2,477 SF to 6,412 SF.
- 2) Pharmacy-The pharmacy department currently located on the 2<sup>nd</sup> floor will relocate to the 1<sup>st</sup> floor and is proposed to increase from 2,394 SF to 2,948 SF.
- 3) Laboratory-The laboratory currently located in 5,715 SF of 2<sup>nd</sup> floor main hospital space will relocate to 6,412 SF of 2<sup>nd</sup> floor adjoining medical office space.

Please refer to Table Two-D on page 10 of the original application regarding proposed changes in hospital departments.

#### **Ownership**

Parkridge Medical Center, Inc. is a subsidiary of Hospital Corporation of America (HCA). As noted, the owner operates 4 hospitals in Chattanooga and a satellite hospital in Jasper, TN, under the same or consolidated 621 acute care bed license. Related highlights pertaining to the ownership of the applicant are as follows:

- Parkridge Medical Center is 100 percent owned by Hospital Corp., LLC, whose parent organization is (through several corporate entities) is HCA, Inc. of Nashville, Tennessee.
- HCA is composed of locally owned facilities that include approximately 190 hospitals and 82 outpatient surgery centers in 23 states, England and Switzerland.
- The applicant is part of the locally managed HCA, Inc. which operates 14 hospitals and several surgery and imaging centers in Tennessee. An organizational chart is enclosed in Attachment A.4.

#### **Facility Information**

The current licensed bed complement of the PMC main hospital at 2333 McCallie Avenue in Chattanooga consists of 275 licensed hospital beds as follows: 239 medical, 24 ICU/CCU, and 12 rehabilitation beds. Of PMC's 275 licensed beds, 166 beds are presently staffed. Review of the Joint Annual Report revealed that 166 beds were staffed in calendar year (CY) 2013. Based on 39,074 total patient discharge days, the licensed and staffed hospital bed occupancy of the main hospital was 39% and 64%, respectively, during the period. According to the Department of Health and pertaining to the Joint Annual Reports, the following defines the two bed categories:

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*Licensed Beds- The maximum number of beds authorized by the appropriate state licensing (certifying) agency or regulated by a federal agency. This figure is broken down into adult and pediatric beds and licensed bassinets (neonatal intensive or intermediate care bassinets). Staffed Beds-The total number of adult and pediatric beds set up, staffed and in use at the end of the reporting period. This number should be less than or equal to the number of licensed beds.*

Parkridge Medical Center, Inc., the owner of Parkridge Medical Center (PMC) holds a consolidated license for 5 facilities containing a combined total of 621 acute care beds. The applicant is considered the main hospital located on a 24.2 acre campus at 2333 McCallie Avenue in Chattanooga. The 4 satellite campus facilities of PMC are as follows:

- Parkridge East Hospital has 128 general hospital beds and is located 5 miles from PMC at 941 Spring Creek Road
- Parkridge Valley Hospital has 84 child and adolescent psychiatric beds and is located 11 miles from PMC at 2200 Morris Hill Road
- Parkridge Valley Adult Services, the former Cumberland Hall mental health hospital prior to its acquisition by PMC, Inc. in 2012, has 64 adult and geriatric psychiatric beds and is located 3 miles from PMC at 7351 Courage Way in Chattanooga.
- Parkridge West Hospital, the former Grandview Medical Center prior to its acquisition by PMC, Inc. in March 2014, has 70 general hospital beds and is located 28 miles from PMC at 1000 Highway 28 in Jasper, TN,

### **Project Need**

The applicant states the proposed project is needed for the following reasons:

- Parkridge Medical Center's 2 diagnostic and therapeutic cardiac catheterization labs are operating at 102% of utilization capacity and is 46% above the utilization threshold to justify additional cardiac services.
- In the 2<sup>nd</sup> floor surgery department, the operating rooms need to be enlarged or updated, the recovery area needs to be enlarged; and surgical support areas need to be realigned and upgraded.
- New construction is needed on the first floor to include a new hospital entrance, registration, preadmission testing, imaging, and pharmacy areas that will be displaced as a result of the surgical department upgrades.

### **Service Area Demographics**

Parkridge Medical Center's declared primary service area (PSA) includes Hamilton, Marion, Meigs, Rhea and Sequatchie Counties in Tennessee and Catoosa and Walker Counties in Georgia.

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- As noted in the TDH project summary, the total population of the Tennessee portion of the service area is estimated at 426,938 residents in CY 2015 increasing by approximately 1.9% to 435,086 residents in CY 2019.
- The overall Tennessee statewide population is projected to grow by 3.7% from 2015 to 2019.
- Residents age 65 and older account for approximately 17% of the total TN service area population compared to 15.2% statewide.
- The age 65 and older resident population is expected to increase by 10.8% compared to 12.0% statewide from CY2015 - CY2019.
- The number of residents enrolled in TennCare ranges by county from 17.6% to 24.4% of the total service area population compared to 19.9% statewide.

### Historical and Projected Utilization

The following utilization table reflects the following:

- Erlanger Medical Center's main campus experienced the greatest increase of diagnostic catheterization cases from 1,974 in 2011 to 2,284 in 2013, a 15.7% increase. EMC also experienced a decrease in therapeutic catheterization cases from 1,333 in 2011 to 985 in 2013, a 26.1% decrease.
- Two out of three providers experienced a decrease in therapeutic catheterization cases ranging from 9.3% to 26.1%. Out of the three cardiac care providers, Parkridge Medical Center was the only provider that experienced an increase in therapeutic catheterization cases from 1,478 in 2011 to 1,675 in 2013, a 13.3% increase.
- Overall, all three providers experienced a decrease in open heart surgeries from 1,325 in 2011 to 1,228 in 2013, a 7.3% decrease.
- Only Memorial Hospital (737 open heart surgeries) met the current service area utilization standards of performing at least 300 adult open heart surgery cases per year.

### Cardiac Care Service Area Provider Utilization 2011-2013

Provider Name	Diagnostic Cath Cases				Therapeutic Cath Cases				Open Heart Surgeries			
	2011	2012	2013	% Chng	2011	2012	2013	% Chng	2011	2012	2013	% Chng
Erlanger Medical Center	1,974	1,678	2,284	+15.7	1,333	989	985	-26.1%	256	250	245	-4.2%
Memorial Hospital	4,345	4,428	4,284	-1.4%	1,609	1,590	1,459	-9.3%	794	808	737	-7.2%
Parkridge Medical Center	1,964	2,347	2,045	+4.1%	1,478	1,956	1,675	+13.3%	275	308	246	-10.5%
<b>Total</b>	<b>8,283</b>	<b>8,453</b>	<b>8,613</b>	<b>+4.0%</b>	<b>4,420</b>	<b>4,535</b>	<b>4,119</b>	<b>-6.8%</b>	<b>1,325</b>	<b>1,366</b>	<b>1,228</b>	<b>-7.3%</b>

Source: CN1502-005 Supplemental #1

**Service Area**  
**Weighted Utilization of Cardiac Catheterization Service Providers**  
**2011-2013**

<b>Service Area Hospital</b>	<b># of Cardiac Labs</b>	<b>Diagnostic Cardiac Caths</b>	<b>Therapeutic Cardiac Caths</b>	<b>Total Cardiac Caths</b>	<b>% of need for new service standard</b>	<b>% of total capacity standard</b>
Erlanger Medical Center	4	4,367.5	4,232	8,599.5	153%	107%
Memorial Healthcare System	7	12,448.5	11,591.0	24,039.5	245%	171.7%
Parkridge Medical Center	4	3,806.0	4,949.0	8,755.0	156%	109%
*Other	0	124.5	154	278.5	n/a	n/a
<b>Totals</b>	<b>15</b>	<b>20,746.50</b>	<b>20,926.0</b>	<b>41,672.5</b>	<b>198%</b>	<b>139%</b>

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, Hospital Discharge Data System 2011-2013

\*Data included from Erlanger North Hospital, Erlanger East Hospital, Memorial North Park Hospital, and Parkridge East Hospital that did not report any utilization data on the 2013 Joint Annual Reports.

- The proposed service area for the period 2011-2013 operated at 198% of the standard for new or additional cardiac catheterization services (i.e., 70% of 2000 weighted cases), and 139% of the total capacity standard (2,000 weighted cases).
- In meeting the lab capacity standard for new or additional cardiac catheterization services, providers in the service area ranged from 153% at Erlanger Medical Center to 245% at Memorial Healthcare System.

*Note to Agency members: The State Health Plan standards and criteria for Cardiac Catheterization Services states a need likely exists for new or additional cardiac catheterization services in a proposed service area if the average current utilization for all existing and approved equal to or greater than 70% of capacity (i.e.-70% of 2000 cases) for the proposed cardiac catheterization service area. The weighted cardiac catheterization utilization to determine current utilization (for 2015) was calculated using hospital discharge data from 2011-2013. In addition, cardiac catheterization project's approved since 2013 are not accounted for in the State Health Plan need formula. Erlanger East Hospital (EEH) was approved at the May 27, 2015 Agency meeting for the expansion of existing cardiac catheterization services to include Interventional Cardiac Catheterization. EEH and Parkridge Medical Center share Hamilton County in their service area. EEH's diagnostic catheterization service was approved in 2004 and has not become operational since being originally approved. EEH plans to implement both diagnostic and therapeutic cardiac catheterization services simultaneously in 2016. The following chart indicates the number of EEH diagnostic and therapeutic un-weighted cases*

*projections that are not accounted for in the State Health Plan in determining need for additional cardiac services.*

***Erlanger East Hospital's Historical and Projected Utilization***

	<b>Historical</b>			<b>Projected</b>	
<b>Service</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Year 1 (2016)</b>	<b>Year 2 (2017)</b>
<b>Diagnostic Cardiac Catheterization</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>382</b>	<b>395</b>
<b>Therapeutic Cardiac Catheterization</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>127</b>	<b>132</b>
<b>Total Cardiac Cases</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>509</b>	<b>527</b>

Source: CN1502-005

The historical and projected utilization of Parkridge Medical Center's diagnostic and therapeutic cardiac catheterization services are illustrated in the following table.

**Parkridge Medical Center's Historical and Projected Utilization  
Cardiac Catheterization**

	<b>Historical un-weighted</b>				<b>Projected un-weighted</b>			<b>%Change 11-21</b>
<b>Service</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Year 1 (2020) Phase 2</b>	<b>Year 2 (2021) Phase 2</b>	
Intracardiac/ Coronary Artery-Diagnostic Cases	1,368	1,600	1,475	1,300	1,379	1,552	1,599	+16.9 %
PCI-Interventional	799	1,028	865	860	886	1,027	1,058	+32.4 %
Diagnostic Electrophysiology Cases	240	284	254	217	224	259	267	+11.3%
Therapeutic Electrophysiology Cases	681	813	671	712	733	850	876	+ 28.6%
<b>Total</b>	<b>3,088</b>	<b>3,725</b>	<b>3,265</b>	<b>3,089</b>	<b>3,182</b>	<b>3,688</b>	<b>3,799</b>	<b>+23%</b>

Source: CN1502-005

- Cardiac Catheterization utilization is projected to increase 23% from 3,088 total un-weighted cases in 2011 to 3,799 un-weighted cases in 2021.
- The applicant projects a 3% yearly increase in total cardiac catheterization un-weighted cases from 3,182 in 2015 to 3,799 in Year 1 (2021) of Phase II of

the proposed project. Please refer to table 9 on page 32 of the original application.

### **Heart and Cardiovascular Mortality Rates**

Marion, Meigs, and Rhea Counties in the proposed service area had a heart and cardiovascular rate higher than the state-wide rate of 220.6 per 100,000 population in 2012 according to the table below.

#### **Proposed Service Area Heart and Cardiovascular Mortality Rate 2012**

County/State	Number of Deaths	Rate
<b>State</b>	<b>14,245</b>	<b>220.6</b>
Hamilton	751	217.3
Marion	83	293.3
Meigs	26	222.2
Rhea	88	272.9
Sequatchie	25	173.3

Source: [http://health.state.tn.us/statistics/PdfFiles/VS\\_Rate\\_Sheets\\_2012/Heart2012.pdf](http://health.state.tn.us/statistics/PdfFiles/VS_Rate_Sheets_2012/Heart2012.pdf)

#### **Parkridge Medical Center's Historical and Projected Utilization Surgical Cases**

Surgical Cases	2012	2013	2014	2017 Year 1 (Phase I)	2018 Year 2 (Phase I)	% Change 12-18
Total	10,684	10,594	10,623	11,273	11,499	+7.6%
# Operating Rooms	13	13	13	13	13	n/a

Source: CN1503-007

- Surgical utilization is projected to increase 7.6% from 10,684 cases in 2012 to 11,499 cases in 2018.
- The total of 13 operating rooms is projected to remain the same during the time period.

**Parkridge Medical Center's Surgical Volume by Specialty  
2013-2014**

<b>Surgical Cases</b>			
<b>Medical Specialty</b>	<b># Cases 2013</b>	<b># Cases 2014</b>	<b>2014 % of Total Cases</b>
<b>OB/GYN</b>	549	558	5.6%
<b>Plastic Surgery</b>	103	117	1.1%
<b>Urology</b>	405	433	4.1%
<b>ENT</b>	90	85	0.80%
<b>Ophthalmology</b>	6	6	.05%
<b>Cardiovascular</b>	669	625	5.9%
<b>Endovascular</b>	631	564	5.3%
<b>Orthopedic</b>	3,745	3,675	34.6%
<b>Oral Surgery</b>	58	50	0.48%
<b>Other</b>	4,338	4,510	42.5%
<b>Total</b>	<b>10,594</b>	<b>10,623</b>	

Source: CN1503-007 Supplemental #1

- Orthopedic surgical cases represent the highest percentage (34.6%) of Parkridge Medical Center's total surgical cases (10,623) in 2014.
- In the supplemental response, the applicant notes Parkridge is recognized as a Blue Cross Blue Shield of Tennessee Blue Distinction Center of Excellence for knee and hip replacement.

**Parkridge Medical Center's Historical and Projected Utilization  
Imaging Department**

<b>Imaging Procedures</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Year 1 (2020) Phase 2</b>	<b>Year 2 (2021) Phase 2</b>	<b>% Change 12-21</b>
CT (2)	12,031	11,569	12,257	13,803	14,079	+17%
MRI	2,587	2,060	2,146	3,316	3,383	+30.8%
Nuclear Medicine	1,405	1,238	1,304	1,557	1,604	+14.2%
Mammography	1,343	1,216	1,032	1,232	1,269	-5.5%

Source: CN1503-007

- MRI utilization is projected to experience the highest percentage increase (30.8%) in Parkridge's imaging department from 2,587 procedures in 2012 to 3,383 procedures in 2021.
- Mammography will be the only imaging service that will decline in utilization from 1,343 procedures in 2012 to 1,269 in 2021, a 5.5% decrease.

### **Project Cost**

Major costs of the \$61,459,477 total estimated project cost are as follows:

- Construction costs - combined cost of \$28,434,452.00, including site preparation, architectural/engineering costs, and contingency or approximately 46.3% of total cost
- Fixed equipment cost of \$16,021,256 or approximately 26.1% of the total project cost.
- For other details on Project Cost, see the Project Cost Chart on page 35 of the application.

### **Historical Data Chart**

- According to the Historical Data Chart, PMC reported decreases in net operating revenue and net operating income before capital expenditures (NOI) from CY2011 to CY2013.
- Net Operating Revenue decreased by approximately 5.0% from \$189,555,693 to \$179,978,802.
- NOI before capital expenditures decreased by approximately 26% from \$39,245,041 in CY2012 to \$29,027,213 in CY2014.

### **Projected Data Chart**

Parkridge Medical Center as a whole projects \$1,552,165,219.00 in total gross revenue on 41,123 days during the first year of operation and \$1,759,235,577 on 43,189 days in Year Two (approximately \$40,733 per day). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal \$37,304,971 in Year One increasing to \$40,969,838 in Year Two.
- Net operating revenue after contractual adjustments is expected to reach \$227,853,566 or approximately 13% of total gross revenue in Year Two.
- Charity care totals \$8,900,628 in Year Two, equaling 219 patient days.

### **Charges**

In Year One of the proposed project, the average charges are as follows:

- The proposed average gross charge per patient day is \$37,745 in 2020.
- The average deduction is \$32,556/day, producing an average net charge of \$5,188/day.

### **Payor Mix**

- The applicant indicates it has contracts with all three TennCare MCOs available to its service area population: United HealthCare Community Plan (formerly AmeriChoice), BlueCare, TennCare Select and AmeriGroup.

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- The total hospital projected payor mix includes Medicare, TennCare, Private/Self-pay and Commercial payor sources. The projected gross operating revenue by Medicare, TennCare, and Charity Care is shown in the table.

**Proposed Project Payor Source, Year 1**

<b>Payor Source</b>	<b>Net Revenue</b>	<b>As a % of Total</b>
Medicare	\$927,163,670	59.8%
TennCare	\$180,281,825	11.6%
Charity Care	\$7,513,307	.48%
<b>Total</b>	<b>\$1,114,958,802</b>	<b>71.8%</b>

*Source: CN1503-007*

**Financing**

- A March 9, 2015 letter from the CFO of TriStar stated that funding would be provided from HCA, Inc. to support the project.
- HCA Holdings, Inc. audited financial statements for the period ending September 30, 2014 indicates \$515,000,000 in cash and cash equivalents, total current assets of \$8,527,000,000, total current liabilities of \$5,632,000,000, and a current ratio of 1.51:1.

*Note to Agency Members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.*

## Staffing

The applicant's proposed direct patient care staffing includes the following:

Position	Current	Year One	Year Two
<b>Surgery Department</b>			
RN	82	83	85
Coordinator	5	5	5
Tech	27	28	29
<b>Total</b>	<b>114</b>	<b>116</b>	<b>119</b>
<b>Imaging Dept.</b>			
RN	1	1	1
Management	3	3	3
Tech	30	31	31
<b>Total</b>	<b>34</b>	<b>35</b>	<b>35</b>
<b>Cardiac Cath Labs</b>			
RN	7	8	9
Coordinator	1	1	1
Tech	7	8	9
<b>Total</b>	<b>15</b>	<b>17</b>	<b>19</b>
<b>Laboratory</b>			
Management	3	3	3
Tech	18	18	18
<b>Total</b>	<b>21</b>	<b>21</b>	<b>21</b>
<b>Grand Total</b>	<b>184</b>	<b>189</b>	<b>194</b>

Source: CN1503-007

## Licensure/Accreditation

The hospital is Joint Commission accredited and actively licensed by the Tennessee Department of Health. The Joint Commission completed a hospital accreditation survey on May 13-16, 2014. A copy of the Joint Commission survey results are located in Attachment C, Orderly Development—7 (C).

*The applicant has submitted the required information on corporate documentation and title and deeds. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency's office.*

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Should the Agency vote to approve this project, the CON would expire in three years.

*Note to Agency Members: If approved, Parkridge Medical Center requests an extended expiration date of five years, which is two years beyond the normal expiration date for hospital projects. The Project Completion Chart on page 61 of the original application indicates the completion of Phase II for the proposed project is projected to occur in May 2019.*

#### **CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:**

There are no other Letters of Intent, denied or pending applications for this applicant.

#### **Outstanding Certificates of Need**

**Parkridge Medical Center Inc., CN1408-35A**, has an outstanding Certificate of Need that will expire on December 1, 2017. The project was approved at the October 22, 2014 Agency meeting for the acquisition of a second magnetic resonance imaging (MRI) unit for installation and use in 1,202 square feet of renovated space on the main campus of Parkridge Medical Center (PMC) at 2333 McCallie Avenue, Chattanooga (Hamilton County), TN. The estimated project cost was **\$2,968,942.00**. *Project Status Update: According to a June 2, 2015 update the project is 85% complete. The 3.0 Tesla MRI is in place with applications/training activities beginning June 29, 2015. The estimated construction date is June 26, 2015. The estimated date for patient scheduling is July 7, 2015.*

**Parkridge Valley Hospital, CN1202-006AM** has an outstanding Certificate of Need that will expire on July 1, 2015. The CON was approved at the May 23, 2012 Agency meeting for (1) the addition of sixteen (16) additional child and adolescent psychiatric beds to the sixty-eight (68) beds currently located on the satellite campus at 2200 Morris Hill Road, Chattanooga (Hamilton County) and (2) the relocation of all forty-eight (48) of its licensed adult psychiatric beds to a new campus. The current licensed hospital bed complement at Parkridge Valley Hospital, which is a satellite location of Parkridge Medical Center, will decrease from one hundred sixteen (116) beds to eighty-four (84) beds. The net result of this application is that only child and adolescent psychiatric beds will operate at this location. The estimated project cost is **\$143,000**. *Project Status Update: The project was completed on January 22, 2015. A final project report is pending to the Agency.*

*HCA has financial interests in this project and the following:*

Pending Applications

**TriStar Skyline Medical Center, CN1504-014**, has an application that will be heard at the August 26, 2015 Agency meeting for the renovation of existing spaces and closure of 10 beds at the hospital's satellite campus at 500 Hospital Drive in Madison (Davidson County), TN. The hospital's consolidated 385-bed license will not change as a result of this project. The total estimated project cost is **\$843,000.00**.

**Summit Medical Center, CN1505-020**, has an application that will be heard at the August 26, 2015 Agency meeting for the renovation of existing patient floors to include the addition of 2 medical/surgical beds, the addition of 8 inpatient rehabilitation beds, and the delicensure of 6 obstetric beds by converting 6 LDRP beds to LDR beds; resulting in a net increase of 4 licensed beds. The total estimated project cost is **\$4,892,904**.

Denied Applications:

**Summit Medical Center, CN1206-029D**, was denied at the September 26, 2012 Agency meeting. The application was for the establishment of a 20 bed acute inpatient rehab unit and service in its hospital facility by converting 20 adult psychiatric beds and reclassifying the adult psychiatric unit to an inpatient rehabilitation unit. The estimated cost was projected to be **\$2,500,000.00** *Reason for Denial: The application did not meet the statutory criteria.*

**TriStar Southern Hills Medical Center Emergency Room, CN1409-050**, was denied at the March 25, 2015 Agency meeting. The application was for the establishment of a satellite emergency department facility in a leased building to be constructed. The facility will contain 8 treatment rooms for emergency services at an unaddressed site at the Intersection of Old Hickory Boulevard and American Way, Brentwood (Davidson County), TN 37250. The estimated project cost is **\$11,500,000.00**. *Reason for Denial: The application did not meet the statutory criteria.*

Outstanding Certificates of Need

**Southern Hills Surgery Center, CN1411-047A**, has an outstanding Certificate of Need that will expire July 1, 2017. The project was heard at the May 27, 2015 Agency meeting for the relocation of Southern Hills Surgery Center from 360 Wallace Road, Nashville (Davidson County), TN 37211, to leased space in a building to be constructed at an unaddressed site in the northeast corner of the intersection of Old Hickory Boulevard and American Way, Brentwood (Davidson County), TN 37250. The estimated project cost is **\$17,357,832.00**. *Project Status*

**PARKRIDGE MEDICAL CENTER**

**CN1503-007**

**JUNE 24, 2015**

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*Update: The project was recently approved and has been appealed by Saint Thomas Campus Surgicare, L.P., Baptist Surgery Center, L.P., Baptist Plaza Surgicare, L.P., Franklin Endoscopy Center, LLC, and Physicians Pavilion, L.P.*

**Centennial Medical Center, CN1407-032A**, has an outstanding Certificate of Need that will expire on December 1, 2017. The project was approved at the October 22, 2014 Agency meeting for the renovation of the main emergency department, the development of a Joint Replacement Center of Excellence with 10 additional operating rooms; and the increase of the hospital's licensed bed complement from 657 to 686 beds. The estimated project cost was **\$96,192,007.00**. *Project Status Update: According to a June 2, 2015 update, the project is under appeal by St. Thomas Health. The appeal is pending before an Administrative Law Judge with the Secretary of State.*

**Skyline Medical Center, CN1406-020A**, has an outstanding Certificate of Need that will expire on November 1, 2017. It was approved at the September 24, 2014 Agency meeting to increase the licensed bed capacity at the hospital's campus by 10 beds. The beds will be utilized as medical-surgical and intensive care beds. The beds will be added by renovating existing space at the main campus which is located at 3441 Dickerson Pike, Nashville (Davidson County), TN. Simultaneously, 10 licensed beds will be closed at the Skyline satellite campus at 500 Hospital Drive, Madison (Davidson County), TN. TriStar Skyline Medical Center is currently licensed as an acute care hospital with 385 hospital beds. This project will increase beds at the main campus from 213 to 223 beds, and will reduce the satellite campus from 172 to 162 beds, so that the consolidated 385-bed licensed will not change. The estimated project cost is **\$3,951,732.00**. *Project Status Update: According to a June 2, 2015 update, the project is partially implemented; 6 ICU beds are in service; 5 remaining are under construction and will be completed between July 1, 2015 and October 1, 2015.*

**Hendersonville Medical Center, CN1302-002A**, has an outstanding Certificate of Need that will expire on August 1, 2016. It was approved at the June 26, 2013 Agency meeting to construct a new fourth floor of medical surgical beds and initiate Level IIB Neonatal Intensive Care services in a new six (6) licensed bed Level IIB Neonatal Intensive Care Unit (NICU) on its campus at 355 New Shackle Island Road, Hendersonville (Sumner County) Tennessee, 37075. The proposed project will not change the total licensed bed complement. The hospital currently holds a single consolidated license for 148 general hospital beds, of which 110 are located at its main Hendersonville campus and 38 are located at its satellite campus at 105 Redbud Drive, Portland (Sumner County), TN 37148. The applicant will relocate 13 beds from the satellite campus to the main campus, resulting in 123 licensed beds at the Hendersonville campus and 25 licensed beds at the Portland satellite campus. The estimated cost of the project is **\$32,255,000.00**. *Project Status: Per an Annual Progress Report dated May 4, 2015, the full project is underway. NICU construction is expected to be completed by December 2015. Renovation is estimated to be*

**PARKRIDGE MEDICAL CENTER**

**CN1503-007**

**JUNE 24, 2015**

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*completed by December 2016. It is expected that a project modification extending the expiration date will be requested.*

**Natchez Surgery Center, CN1002-011A**, has an outstanding Certificate of Need that will expire on July 1, 2015. It was approved at the May 26, 2010 Agency meeting for the establishment of an ambulatory surgical treatment center (ASTC) with three (3) operating rooms and three (3) procedure rooms. After approval, CN801-001A was surrendered which was a similar facility for this site at 107 Natchez Park Drive, Dickson (Dickson County), TN. The estimated cost of the project was **\$13,073,892.00**. *Project Status: The applicant will request a 24 month extension of the expiration date during the June 24, 2015 Agency meeting.*

**Horizon Medical Center Emergency Department, CN1202-008A**, has an outstanding Certificate of Need that will expire on July 1, 2015. The CON was approved at the May 23, 2012 Agency meeting to establish a satellite emergency department facility located at its Natchez Medical Park campus located at 109 Natchez Park Drive, Dickson (Dickson County). Estimated project cost is **\$7,475,395**. *Project Status: The applicant will request a one-month extension of the expiration date during the June 24, 2015 Agency meeting.*

#### **CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:**

There are no Letters of Intent, denied or pending applications for similar service area entities proposing this type of service.

#### **Outstanding Certificates of Need:**

**Erlanger East Hospital, CN1502-005A**, has an outstanding Certificate of Need that will expire July 1, 2018. The CON was approved at the May 27, 2015 Agency meeting to modernize the CON originally issued in 2004 (CN0402-047AE) which was approved for diagnostic cardiac services. The project will upgrade the unimplemented diagnostic cardiac catheterization lab to also perform interventional cardiac procedures. **The estimated project cost is \$303,000.00** *Project Status Update: The project was recently approved.*

**Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Medical Center, CN1207-034A**, has an outstanding Certificate of Need that will expire December 1, 2015. The CON was approved at the October 24, 2012 Agency meeting for the renovation, upgrade and modernization of adult operating rooms, including the addition of four (4) new operating rooms. No other health care services will be initiated or discontinued. The estimated project cost is **\$21,725,467.00**. *Project Status*

**PARKRIDGE MEDICAL CENTER**

**CN1503-007**

**JUNE 24, 2015**

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*Update: The applicant was approved at the May 27, 2015 Agency meeting for a 2 year extension to November 1, 2017.*

**Memorial Hospital, CN0609-069AE**, has an outstanding Certificate of Need that will expire on February 1, 2016. The CON was approved at the December 20, 2006 Agency meeting for the addition to and renovation of the hospital to replace and expand the surgical suite, including one (1) OR equipped with robotic surgical capacity, the cardiac catheterization laboratories and endovascular labs. The addition includes three replacement medical/surgical units and three intensive care units. Thirty-two (32) inpatient beds will be relocated to Memorial Hospital from the satellite hospital, Memorial North Park Hospital. The bed relocation will increase the number of licensed beds at Memorial Hospital from 322 to 354, while decreasing the number of licensed beds at Memorial North Park Hospital from 83 to 51. Major medical equipment will be acquired to open one additional cardiac catheterization lab and one additional endovascular lab. The project includes major medical equipment replacement for three endovascular labs and one (1) MRI unit. The modified estimated project cost is **\$294,970,000**. *Project Status Update: According to a June 8, 2015 update Memorial has assumed occupancy of the new patient towers and is in the final stages of payment reconciliation to vendors for the project. As soon as final invoicing is complete, Memorial will submit a final report for the project.*

**Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger East, CN 0405-047AE**, has an outstanding Certificate of Need that, following three modifications for extension of the time, will expire on December 1, 2016. The CON was approved at the October 27, 2004 Agency meeting for the construction of a new four (4) story patient tower and other ancillary space: transfer of seventy-nine (79) beds from the main Erlanger campus to the east campus: initiation of cardiac catheterization and acquisition of a magnetic resonance imaging (MRI) scanner. This project will decrease the main campus beds from 703 to 624 licensed beds. The 79 licensed beds will be transferred to the Erlanger East Hospital satellite campus resulting in an increase of 28 to 107 licensed beds at that location. The estimated project cost is **\$68,725,321.00**. *Project Status Update: A letter dated June 3, 2015 to the Agency states the project continues to be implemented consistent with the approved CON. A more efficient design of the project of 142,584 SF vs 178,500 SF will be used. The project expiration date was extended to December 1, 2016 at the September 24, 2014 Agency meeting (the project's 4<sup>th</sup> approved extension request).*

**PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH,  
DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE  
STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND  
CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN  
THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS  
SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.**

PME  
6/9/2015

# **LETTER OF INTENT**

## LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

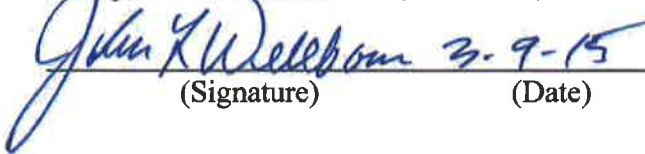
The Publication of Intent is to be published in the Chattanooga Times/Free Press, which is a newspaper of general circulation in Hamilton County, Tennessee, on or before Tuesday, March 10, 2015, for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Parkridge Medical Center (a hospital), owned and managed by Parkridge Medical Center, Inc. (a corporation), intends to file an application for a Certificate of Need to remodel and expand the floor space of several patient care and support Departments, and to acquire an additional cardiac catheterization laboratory and a bone densitometry unit, at its main campus at 2333 McCallie Avenue, Chattanooga, TN 37404, at a capital cost estimated at \$62,000,000.

Parkridge Medical Center, Inc. owns and operates five campuses with a consolidated license for 621 hospital beds, issued by the Board for Licensing Healthcare Facilities. The 2333 McCallie Avenue campus, where this project is located, operates 275 of those beds. The project will not contain any major medical equipment or initiate or discontinue any health service; and it will not affect the hospital's licensed bed complement. The project will not add patient care capacity to any Department other than as stated above.

The anticipated date of filing the application is on or before March 13, 2015. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

 3-9-15

(Signature)

(Date)

jwdsg@comcast.net

(E-mail Address)

**COPY**

**Parkridge Medical**  
**Center**

**CN1503-007**

**TRISTAR  
PARKRIDGE MEDICAL CENTER  
CHATTANOOGA**

**CERTIFICATE OF NEED APPLICATION  
TO  
RENOVATE AND EXPAND  
ANCILLARY SERVICES DEPARTMENTS**

**Submitted March 2015**

## PART A

### 1. Name of Facility, Agency, or Institution

Parkridge Medical Center		
Name		
2333 McCallie Avenue	Hamilton	
Street or Route	County	
Chattanooga	TN	37404
City	State	Zip Code

### 2. Contact Person Available for Responses to Questions

John Wellborn		Consultant	
Name		Title	
Development Support Group		jwdsg@comcast.net	
Company Name		E-Mail Address	
4219 Hillsboro Road, Suite 210	Nashville	TN	37215
Street or Route	City	State	Zip Code
CON Consultant	615-665-2022	615-665-2042	
Association With Owner	Phone Number	Fax Number	

### 3. Owner of the Facility, Agency, or Institution

Parkridge Medical Center, Inc.	423-698-6061
Name	Phone Number
Same as in #1 above	
Street or Route	County
Same as in #1 above	
City	State Zip Code

### 4. Type of Ownership or Control (Check One)

A. Sole Proprietorship		F. Government (State of TN or Political Subdivision)	
B. Partnership		G. Joint Venture	
C. Limited Partnership		H. Limited Liability Company	
D. Corporation (For-Profit)	x	I. Other (Specify):	
E. Corporation (Not-for-Profit)			

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

**5. Name of Management/Operating Entity (If Applicable)** NA

<i>Name</i>		
<i>Street or Route</i>		<i>County</i>
<i>City</i>	<i>State</i>	<i>Zip Code</i>

**6. Legal Interest in the Site of the Institution (Check One)**

A. Ownership	x	D. Option to Lease	
B. Option to Purchase		E. Other (Specify):	
C. Lease of _____ Years			

**7. Type of Institution (Check as appropriate—more than one may apply)**

A. Hospital (Specify): General	x	I. Nursing Home	
B. Ambulatory Surgical Treatment Center (ASTC) Multi-Specialty		J. Outpatient Diagnostic Center	
C. ASTC, Single Specialty		K. Recuperation Center	
D. Home Health Agency		L. Rehabilitation Center	
E. Hospice		M. Residential Hospice	
F. Mental Health Hospital		N. Non-Residential Methadone	
G. Mental Health Residential Facility		O. Birthing Center	
H. Mental Retardation Institutional Habilitation Facility (ICF/MR)		P. Other Outpatient Facility (Specify):	
		Q. Other (Specify):	

**8. Purpose of Review (Check as appropriate—more than one may apply)**

A. New Institution		G. Change in Bed Complement Please underline the type of Change: Increase, Decrease, Designation, Distribution, Conversion, Relocation	
B. Replacement/Existing Facility		H. Change of Location	
C. Modification/Existing Facility	x	I. Other (Specify):	
D. Initiation of Health Care Service as defined in TCA Sec 68-11-1607(4) (Specify)			
E. Discontinuance of OB Service			
F. Acquisition of Equipment	x		

### 9. *Bed Complement Data*

*(Please indicate current and proposed distribution and certification of facility beds.)*

	<b>Current Licensed Beds</b>	<b>CON approved beds (not in service)</b>	<b>Staffed Beds</b>	<b>Beds Proposed (Change)</b>	<b>TOTAL Beds at Completion</b>
A. Medical	239		130		239
B. Surgical					
C. Long Term Care Hosp.					
D. Obstetrical					
E. ICU/CCU	24		24		24
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolesc. Psych.					
K. Rehabilitation	12		12		12
L. Nursing Facility (non-Medicaid certified)					
M. Nursing Facility Lev. 1 (Medicaid only)					
N. Nursing Facility Lev. 2 (Medicare only)					
O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid)					
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child/Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
<b>TOTAL</b>	<b>275</b>		<b>166</b>		<b>275</b>

<b>10. Medicare Provider Number:</b>	440156
<b>Certification Type:</b>	Hospital
<b>11. Medicaid Provider Number:</b>	0440156
<b>Certification Type:</b>	Hospital

12. & 13. See page 4

**A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?**

This is an existing hospital that is already certified for both Medicare and Medicaid.

**A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? Yes IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.**

**DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.**

<b>Table One: Contractual Relationships with Service Area MCO's</b>	
<b>Available TennCare MCO's</b>	<b>Applicant's Relationship</b>
AmeriGroup or BlueCare	contracted
United Healthcare Community Plan (formerly AmeriChoice)	contracted
TennCare Select	contracted

TriStar Parkridge Medical Center is contracted through its TriStar division office to participate in all three Statewide MCO's.

March 24, 2015  
8:00am

## SECTION B: PROJECT DESCRIPTION

**B.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.**

### Proposed Services and Equipment

- TriStar Parkridge Medical Center is a 245-bed tertiary acute care hospital in Chattanooga, the flagship facility of the 621-bed, four-campus TriStar Parkridge Health System. The Medical Center's main building, constructed 44 years ago, houses several departments that need to expand or to relocate within the campus. This application requests approval for that building program.
- The Departments to be affected are Surgery, Imaging, Cardiac Catheterization, Pharmacy, Laboratory, and Admitting/Pre-Admission Testing (PAT). Some will be relocated to provide space to expand others. However, the project does not propose to increase the number of treatment rooms or treatment capacity in any of these Departments except in Cardiac Catheterization, where a fifth laboratory is requested, and in Imaging, which will add a bone densitometry room. The rest of the project, and most of its cost, are to modernize and streamline existing capacity, to achieve greater efficiency.

### Ownership Structure

- TriStar Parkridge Medical Center is the main hospital within the 621-bed, five-campus Parkridge Health System. It is a 245-bed tertiary referral center. It is owned by HCA, Inc., a national healthcare company headquartered in Tennessee.
- Attachment A.4 contains more details, an organization chart, and information on the Tennessee facilities owned by this facility's parent organization.

### Service Area

- This hospital's primary service area, from which 82% of its admissions come, consists of Hamilton, Marion, Sequatchie, and Rhea Counties in Tennessee, and Walker and Catoosa Counties in Georgia. It also receives admissions from a secondary service area that includes 34 other Tennessee Counties and several other States.

### Need

- In the second floor Surgery Department, the Operating Rooms need to be enlarged or updated; the Recovery area needs to be enlarged; and surgical support areas need to be realigned and upgraded. This work requires a significant expansion of the Surgery Department's floor space. The expansion will displace the adjoining Imaging and

space and moving Imaging to new construction on the first floor. The construction program will also affect adjoining areas such as the hospital entrance, registration, preadmission testing, and Pharmacy. SUPPLEMENTAL

- Parkridge's four cardiac catheterization laboratories at the hospital have been increasing in utilization. Two of them are used for diagnostic and therapeutic catheterizations (the others are dedicated to electrophysiology). Those two currently operate above the 100% utilization benchmark in the State Health Plan. An additional cardiac catheterization laboratory is needed. The project includes this addition of capacity on the second floor where the other laboratories are located.

#### Existing Resources

- The only significant expansion of patient care services in this project is the addition of a fifth cardiac catheterization laboratory. In the Tennessee primary service area there are only two other providers of this service: Erlanger Medical Center and the Memorial Health System. Parkridge has four cardiac catheterization laboratories and is proposing in this CON application to add a fifth. Erlanger has four cardiac catheterization laboratories. Memorial has seven cardiac catheterization laboratories.

#### Project Cost, Funding, Financial Feasibility

- The project cost is estimated to be \$61,459,477.
- All of the project cost will be provided by a cash transfer from HCA, the applicant's parent company, through its Tennessee division office, TriStar Health.
- Parkridge Medical Center has a positive operating margin and cash flow, and this project will not result in any negative margin or cash flow.

#### Staffing

- The only significant change in capacity proposed for this project is the addition of a fifth cardiac catheterization laboratory. The application contains a staffing projection for patient care Departments. Their current CY2015 clinical staffing totals 184 FTE's. In the second year of the completed project, CY2021, the applicant projects that these Departments' clinical staffing will be 194 FTE's. That is a gain of only ten FTE's in six years, an increase attributable to normal increases in utilization at the hospital.

**B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.**

**B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 *et seq.*) INCLUDING SQUARE FOOTAGE, MAJOR OPERATIONAL AREAS, ROOM CONFIGURATION, ETC.**

Overview of Changes in Departments

TriStar Parkridge Medical Center on McCallie Avenue in Chattanooga is twenty-three years old. Several areas of the hospital now need larger and better-designed workspace. This project will provide needed improvements by a combination of renovation and new construction for the following six Departments:

Patient Care Departments

- Surgery
- Imaging
- Catheterization Laboratories

Support Departments

- Registration / PAT
- Pharmacy
- Laboratory

The tables on the following pages provide detailed data on proposed changes in area, location, and capacity for each Department. The only Patient Care Department that is gaining any significant *treatment capacity* is the Cardiac Catheterization area, where one laboratory will be added to the four laboratories that now exist. The other Patient Care Departments will not increase treatment capacity (except for the addition of a bone densitometry unit to Imaging).

At present, Surgery is on the second floor. Adjoining it to the left is the Laboratory. Adjoining it to the right is Imaging. Surgery needs to enlarge four of its Operating Rooms to meet the needs of current surgical teams and equipment. Surgery also needs to add stations to its Post-Anesthesia Care Unit ("PACU", or Recovery) and to reconfigure and improve support areas. Those three changes will expand the floor space of Surgery significantly, necessitating the relocation of the entire Imaging and Laboratory Departments. After the project is complete, the hospital's second floor will be occupied only by Surgery and Catheterization.

The Laboratory will be moved laterally east, from the second floor of the hospital into the second floor of the connected medical office building (MOB), where it will occupy renovated MOB space that is currently available.

The Imaging Department will be relocated to a newly constructed first-floor addition on the front of the hospital, extending from the west side of the present Main Entrance to the eastern edge of the building. At project completion, the combination of renovation and new construction on the front of the hospital will provide replacement space for the Main Entrance, Reception, Admission/Registration, Pre-Admission Testing, Pharmacy, and the relocated Imaging Department.

#### Individual Patient Care Departments

As stated, the only significant addition of treatment capacity in this project is the addition of a fifth catheterization laboratory on the second floor, where four laboratories are already operated. The Cath Recovery unit will be expanded from 7 to 21 stations.

Imaging currently operates one 1.5T MRI on the second floor. Space for a 3.0T MRI approved under CN1408-035 is currently under renovation on the first floor, close to the Emergency Department. It will be operational later in CY2015. The project in this application will relocate the second-floor MRI to the new Imaging addition on the first floor. Imaging currently has two CT units. One is in space adjoining the Emergency Department on the first floor. The second is on the second floor. The latter will be relocated to the new Imaging addition. When Imaging moves to the first floor, there will be no increase in its number of MRI's, CT's, radiological rooms, ultrasound rooms, mammography units, or nuclear medicine machines. A bone densitometry unit will be added.

Surgery currently has 13 functioning Operating Rooms (OR's) on the second floor. These are used for both inpatient and outpatient cases--with the exception of 2 inpatient OR's used for Cardiovascular Surgery. In this project, no Operating Rooms or Procedure Rooms will be added. Four OR's will be significantly enlarged by approximately 50% each, to 625 SF each, for Orthopedic cases. The other Operating Rooms will be updated but not enlarged. The Post-Anesthesia Care Unit, or PACU

(Recovery) will be enlarged from 13 to 16 stations. Inpatient and outpatient Holding and Pre-Op stations will be unchanged.

<b>Table Two-A: Summary of Construction and Changes in Size</b>	
	<b>Square Feet</b>
Facility Before Project	297,465
Facility After Project	336,078
Net Increase in Size (%)	+13%
Area of New Construction	38,613
Area of Build-out or Renovation	54,049
Total New & Renovated Construction	92,662

<b>Table Two-B: Construction Costs of This Project</b>			
	<b>Renovated Construction</b>	<b>New Construction</b>	<b>Total Project</b>
Square Feet	54,049 SF	38,613 SF	92,662 SF
Construction Cost	\$9,962,550	\$12,356,160	\$22,318,710
Constr. Cost PSF	\$184.32	\$320.00 PSF	\$240.86 PSF

<b>Table Two-C: Surgical Department O.R.'s--Proposed Changes</b>				
<b>O.R. Number</b>	<b>Current</b>		<b>Proposed</b>	
	<b>Use</b>	<b>SF</b>	<b>Use</b>	<b>SF</b>
1	Orthopedic/General	415	Orthopedic	625
2	Orthopedic/General	415	Orthopedic	625
3	Orthopedic/General	415	Orthopedic	625
4	Orthopedic/General	415	Orthopedic	625
5	Orthopedic/General	513	Orthopedic/General	513
6	Urology/General	487	Urology/General	487
7	Orthopedic	410	Orthopedic/General	410
8	Orthopedic	383	Orthopedic/General	383
9	Orthopedic	439	Orthopedic/General	439
10	Cardiovascular	617	Cardiovascular	617
11	Cardiovascular	634	Cardiovascular	634
12	Endovascular	578	Endovascular	578
13	Orthopedic/Hybrid	1055	Orthopedic/Hybrid	1055
<b>Average Size</b>		<b>521</b>		<b>586</b>

Source: Parkridge management.

Notes:

1. General: includes General, GYN, Plastics, ENT, Oral, Eyes, and Urology cases.
2. Orthopedic: includes Orthopedic, Orthopedic-Spine, and Neuro-Spine cases.
3. OR's 1-4 will increase approximately 50% in size.

<b>Table Two-D: Proposed Changes in Hospital Departments</b>						
<b>DEPARTMENT</b>	<b>FLOOR</b>		<b>DEPARTMENT SIZE</b>		<b>ROOMS/UNITS</b>	
	Current	Proposed	Current SF	Proposed SF	Current	Proposed
<b>SURGERY</b>			31,932	38,711		
OR's	2nd	2nd			13	NC
Procedure Rooms	2nd	2nd				
Pre-op Stations	2nd	2nd			17	17
PACU Stations	2nd	2nd			13	16
<b>IMAGING</b>			10,708	17,529		
Radiography Rooms	2nd	1st			4	NC
MRI	2nd	1st			2	NC
CT	1st & 2nd	1st			2	NC
Ultrasound	2nd	1st			3	NC
Mammography	2nd	1st			1	NC
Nuclear Med.	2nd	1st			2	NC
Bone Densitometry	NA	1st			0	1
<b>CATH LABS</b>			9,354	16,798		
Catheterization Labs	2nd	2nd			4	5
Catheterization Recovery	2nd	2nd			7	21
<b>PHARMACY</b>	2nd	1st	2,394	2,948	NA	NA
<b>LABORATORY</b>	2nd	MOB2	5,715	6,962	NA	NA
<b>REGISTRATION/PAT</b>	1st	1st	2,477	6,412	NA	NA
<b>TOTAL DEPT. SF</b>			62,580	89,360		
<b>DEPT. SF CHANGE</b>				+43%		

#### Other Improvements in the Project

Numerous items of equipment will be replaced throughout the affected departments, while they are being updated or moved to new space. No major medical equipment is included in these replacements. Replacement equipment is not subject to CON review regardless of cost. However, to simplify budgeting for the project, the applicant has included in the CON cost all equipment purchases.

**APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF \$5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF \$2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART.**

**UTILIZING THE ATTACHED CHART, APPLICANTS WITH HOSPITAL PROJECTS SHOULD COMPLETE PARTS A-E BY IDENTIFYING, AS APPLICABLE, NURSING UNITS, ANCILLARY AREAS, AND SUPPORT AREAS AFFECTED BY THIS PROJECT. PROVIDE THE LOCATION OF THE UNIT/SERVICE WITHIN THE EXISTING FACILITY ALONG WITH CURRENT SQUARE FOOTAGE, WHERE, IF ANY, THE UNIT/SERVICE WILL RELOCATE TEMPORARILY DURING CONSTRUCTION AND RENOVATION, AND THEN THE LOCATION OF THE UNIT/SERVICE WITH PROPOSED SQUARE FOOTAGE. THE TOTAL COST PER SQUARE FOOT SHOULD PROVIDE A BREAKOUT BETWEEN NEW CONSTRUCTION AND RENOVATION COST PER SQUARE FOOT. OTHER FACILITY PROJECTS NEED ONLY COMPLETE PARTS B-E.**

See Attachment B.II.A.

**PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.**

Hospital construction projects approved by the HSDA in 2011-2013 had the following average construction costs per SF:

<b>Table Three: Hospital Construction Cost PSF Years: 2011-2013</b>			
	<b>Renovated Construction</b>	<b>New Construction</b>	<b>Total Construction</b>
1 <sup>st</sup> Quartile	\$107.15/sq ft	\$235.00/sq ft	\$151.56/sq ft
Median	\$179.00/sq ft	\$274.63/sq ft	\$227.88/sq ft
3 <sup>rd</sup> Quartile	\$249.00/sq ft	\$324.00/sq ft	\$274.63/sq ft

*Source: HSDA, from CON approved applications during 2011-2013.*

This proposed project is consistent with those cost ranges. The project's estimated construction cost is approximately \$241 PSF overall (for 92,662 SF of new and renovated areas). Within this overall average, the project's estimated new construction cost (rounded) is approximately \$320.00 PSF, and its estimated renovation cost (rounded) is approximately \$184 PSF. All of these costs are within the range of approved projects to date.

<b>Table Two-B (Repeated): This Project's Construction Costs</b>			
	<b>Renovation</b>	<b>New Construction</b>	<b>Total Project</b>
Square Feet	54,049 SF	38,613 SF	92,662 SF
Construction Cost	\$9,962,550	\$12,356,160	\$22,318,710
Constr. Cost PSF	\$184.32	\$320.00 PSF	\$240.86 PSF

**IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.**

Not applicable.

**B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.**

Not applicable. This project does not include any changes to the number of licensed beds, or to their assignment.

**March 24, 2015  
8:00am**

**B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):**

- 1. ADULT PSYCHIATRIC SERVICES**
- 2. ALCOHOL AND DRUG TREATMENT ADOLESCENTS >28 DAYS**
- 3. BIRTHING CENTER**
- 4. BURN UNITS**
- 5. CARDIAC CATHETERIZATION SERVICES**
- 6. CHILD AND ADOLESCENT PSYCHIATRIC SERVICES**
- 7. EXTRACORPOREAL LITHOTRIPSY**
- 8. HOME HEALTH SERVICES**
- 9. HOSPICE SERVICES**
- 10. RESIDENTIAL HOSPICE**
- 11. ICF/MR SERVICES**
- 12. LONG TERM CARE SERVICES**
- 13. MAGNETIC RESONANCE IMAGING (MRI)**
- 14. MENTAL HEALTH RESIDENTIAL TREATMENT**
- 15. NEONATAL INTENSIVE CARE UNIT**
- 16. NON-RESIDENTIAL METHADONE TREATMENT CENTERS**
- 17. OPEN HEART SURGERY**
- 18. POSITIVE EMISSION TOMOGRAPHY**
- 19. RADIATION THERAPY/LINEAR ACCELERATOR**
- 20. REHABILITATION SERVICES**
- 21. SWING BEDS**

Not applicable. The project does not add any of these services.

**B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.**

This is a facility whose main building was constructed forty-four years ago. Several of its patient care and support areas need improvements to achieve greater operational efficiencies.

With respect to Surgery, Parkridge has a very significant orthopedic surgery program. However, it needs to provide its orthopedic surgical teams with greatly increased O.R. floor space to efficiently accommodate current OR teams and OR-based equipment. To accomplish this, four of the OR's on the second floor will be enlarged approximately 50%, from 415 SF to 625 SF, and dedicated to orthopedic cases. Such

enlargements are frequently seen in today's building programs for orthopedic surgery facilities. Within the last year, two CON applications in Nashville were approved for tertiary care hospitals to expand specialized orthopedic OR's to 585-625 SF in size, to accommodate today's larger OR tables, larger surgical teams, and increased O.R.-based equipment. A drawing of one of these enlarged OR's is included in the floor plans in the Attachments to this application.

The proposed modest three-station expansion of PACU (Recovery) is needed to eliminate bottlenecks on busy surgical days. On some busy days, a shortage of PACU beds requires holding patients in the OR's longer than necessary after surgical closure, waiting for transfer to a PACU station. This slows up the surgical schedule and reduces the efficiency of the program. Such slowdowns will become more numerous in future years unless PACU spaces are added.

Throughout the OR suites, additions and relocation of visual systems and other OR equipment are needed to enable the surgeons to more efficiently view screen images of ongoing surgery and to view other types of data provided by equipment. For example, the enlarged orthopedic rooms will have video integration booms that bring video screens directly into the view of the surgical team, so that surgeons and nurses need not turn away from the patient in order to view important information on the screens.

Another need of the Department is for increased and better-located spaces for surgical equipment and supplies. Currently the lack of convenient storage requires long walks for staff to obtain instruments and tray sets for the ORs. The reconfigured Department will bring those supplies and equipment much closer to the OR's where they are continuously needed. This will improve the efficiency of the nursing and tech staffs.

And throughout Surgery, all spaces including the OR's will be refreshed and modernized. Those OR's that are not being enlarged will be made more spacious and efficient simply by moving equipment from floors onto wall or ceiling mounts, opening more clear floor space for the OR teams to circulate.

Imaging must relocate into new construction on the first floor, only to make room for the enlargement of the Surgery Department. The project will not increase Parkridge's

complements of radiography rooms. It will not add MRI, CT, Ultrasound, Mammography, or Nuclear Medicine equipment. It will add a bone densitometry unit -- but this is not a significant event in terms of patient care capacity.

In the area of Cardiac Catheterization, there is a need to add another laboratory. Currently Parkridge operates two laboratories for diagnostic and therapeutic cardiac catheterizations, and two laboratories for Electrophysiology (EP) studies. Table Four-A below shows utilization data for the two cardiac catheterization laboratories. This data is from Parkridge's 2011-2013 "weighted case" utilization calculated by the Tennessee Department of Health, using the State Health Plan methodology for this service. The weighting methodology recognizes the different times required for different types of catheterizations, to establish need for services under the Plan.

State Health Plan CON criteria define full (100%) utilization of a laboratory as 2,000 weighted cases annually. Those criteria do not refer to additions of laboratory capacity by an existing cardiac catheterization provider. However, references in those criteria to 70% occupancy suggest that 70% internal utilization is a reasonable point at which an existing provider may add another laboratory.

Table Four-A below shows that Parkridge's two diagnostic and therapeutic cardiac catheterization laboratories had a 2011-2013 annual utilization of 4,094 weighted diagnostic and therapeutic cardiac catheterization cases. Under the State Health Plan, 100% utilization of 2 labs is 4,000 weighted cases (2,000 cases each). So these two laboratories are operating at 102% utilization (4,094 cases / 4,000 case capacity = 102%). This is well above the 70% utilization threshold for additions of capacity. So under the State Health Plan's general criteria, an additional laboratory is appropriate for Parkridge.

<b>Table Four-A: TriStar Parkridge Medical Center Annual Weighted Catheterization Volume for 2011-2013--Cardiac Only</b>					
	Diagnostic Cardiac Volume	Therapeutic Cardiac Volume	Total Cardiac Volume	100% Capacity (2 Labs)	% Utiliz'n
Weighted Volume	3,198	896	4,094	4,000	102%

*Source: TDH Calculations of Weighted Cases 2011-13, Office of Health Statistics.*

*Note: Excludes EP Studies and Peripheral Procedures. Includes only Cardiac Tests.*

Need is also evident from areawide utilization statistics. TDH data in Table Four-B below indicates that Parkridge's primary service area counties had 15 laboratories that performed an average of 1,439 cardiac catheterization cases per laboratory, which exceeds the 1,400 cases per laboratory benchmark for 70% utilization.

It should be noted that some number of those 15 labs are dedicated to EP studies; so the actual number of labs devoted to cardiac catheterization are less than 15, and the average utilization is higher than 1,439. For example, if Parkridge's 2 EP labs are deducted, the average utilization was  $21,589 / 13 = 1,660$ , which is 83% efficiency.

<b>Table Four-B: TriStar Parkridge Medical Center Primary Service Area Utilization of Cardiac Catheterization Laboratories Under State Health Plan Methodology, 2011-2013</b>			
Primary Service Area Catheterization Providers	Total Labs (JAR)	D+T Cardiac Caths	Cardiac Caths Per Lab
Erlanger Medical Center	4	4,596	
Erlanger Medical Center North	0	1	
Erlanger Med Center East	0	1	
Memorial Healthcare System	7	12,651	
Memorial North Park Hospital	0	230	
Parkridge Medical Center	4	4,094	
Parkridge East Hospital	0	16	
<b>Totals</b>	<b>15</b>	<b>21,589</b>	<b>1,439.3</b>

*Source: TDH Calculations of Weighted Cases 2011-13, Office of Health Statistics. Number of laboratories from Joint Annual Reports.*

*Notes: "D+T" indicates diagnostic plus therapeutic. Other caths such as peripheral and EP procedures are excluded from the State Health Plan weighting methodology.*

**B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF \$2.0 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:**

1. For fixed site major medical equipment (not replacing existing equipment):
  - a. Describe the new equipment, including:
    1. Total Cost (As defined by Agency Rule);
    2. Expected Useful Life;
    3. List of clinical applications to be provided; and
    4. Documentation of FDA approval.
  - b. Provide current and proposed schedule of operations.
2. For mobile major medical equipment:
  - a. List all sites that will be served;
  - b. Provide current and/or proposed schedule of operations;
  - c. Provide the lease or contract cost;
  - d. Provide the fair market value of the equipment; and
  - e. List the owner for the equipment.
3. Indicate applicant's legal interest in equipment (e.g., purchase, lease, etc.)  
In the case of equipment purchase, include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

There is no such equipment in the project. The additional catheterization laboratory is the most expensive item. It can be purchased from GE at no more than \$1,100,000 including tax, freight and installation. It requires a hemodynamic monitoring unit that will cost less than \$300,000. The laboratory has an annual maintenance contract in Years 2-5 that would cost an estimated \$300,000 for all four years. These total less than \$2,000,000.

**B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:**

1. SIZE OF SITE (IN ACRES);
2. LOCATION OF STRUCTURE ON THE SITE;
3. LOCATION OF THE PROPOSED CONSTRUCTION; AND
4. NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDER THE SITE.

**PLEASE NOTE THAT THE DRAWINGS DO NOT NEED TO BE DRAWN TO SCALE. PLOT PLANS ARE REQUIRED FOR ALL PROJECTS.**

See Attachment B.III.A.

**B.III.B.1. DESCRIBE THE RELATIONSHIP OF THE SITE TO PUBLIC TRANSPORTATION ROUTES, IF ANY, AND TO ANY HIGHWAY OR MAJOR ROAD DEVELOPMENTS IN THE AREA. DESCRIBE THE ACCESSIBILITY OF THE PROPOSED SITE TO PATIENTS/CLIENTS.**

Parkridge Medical Center is located in Chattanooga, with a few blocks of I-24, which provides rapid access to all parts of the service area as it connects with State and Federal highways. North Hamilton County and Rhea County are accessible via U.S. Highways 27 and 29; Sequatchie and Marion Counties are accessible via I-24 and U.S. Highways 64, 72, and TN58; the Georgia communities are accessible via I-75, and TN27/GA1.

<b>Table Five: Mileage and Drive Times Between Project and Major Communities in the Primary Service Area</b>			
	<b>County / State</b>	<b>Distance</b>	<b>Drive Time</b>
1. Soddy Daisy	Hamilton / TN	19.3 mi.	26 min.
2. Dayton	Rhea / TN	40.4 mi.	50 min.
3. Spring City	Rhea / TN	56.8 mi.	68 min.
4. Dunlap	Sequatchie / TN	30.8 mi.	51 min.
5. Whitwell	Marion / TN	26.0 mi.	44 min.
6. Jasper	Marion / TN	28.2 mi.	33 min.
7. South Pittsburg	Marion / TN	33.3 mi.	34 min.
8. Fort Oglethorpe	Catoosa / GA	7.2 mi.	17 min.
9. Ringold	Catoosa / GA	13.7 mi.	21 min.
10. LaFayette	Walker / GA	26.8 mi.	40 min.

*Source: Google Maps, March 6, 2013.*

**B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.**

See attachment B.IV.

**IV. FOR A HOME CARE ORGANIZATION, IDENTIFY**

- 1. EXISTING SERVICE AREA (BY COUNTY);**
- 2. PROPOSED SERVICE AREA (BY COUNTY);**
- 3. A PARENT OR PRIMARY SERVICE PROVIDER;**
- 4. EXISTING BRANCHES AND/OR SUB-UNITS; AND**
- 5. PROPOSED BRANCHES AND/OR SUBUNITS.**

Not applicable. The application is not for a home care organization.

## **C(I) NEED**

### **C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.**

**A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.**

**B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).**

#### **Project-Specific Review Criteria: Construction, Renovation, Expansion, and Replacement of Health Care Institutions**

**1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.**

There are no components of the project that are subject to specific CON review criteria. However, the addition of one cardiac catheterization laboratory was justified in Section B.II.D above, based on high and increasing utilization of existing laboratories at Parkridge, compared to the 70% utilization standard mentioned in the State Health Plan for new services of this type.

**2. For relocation or replacement of an existing licensed healthcare institution:**

**a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.**

**b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.**

Criterion #2 is not applicable because this project does not replace the hospital.

**3. For renovation or expansion of an existing licensed healthcare institution:**

**a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.**

This is an existing hospital. Patient care capacity is not being expanded in this project, except in the addition of one cardiac catheterization laboratory. As presented in Section B.II.D above, this is justified because that Department is increasing in utilization, is already operating above 70% efficiency in terms of weighted cases, and would soon have to operate at the unfeasible level of more than 90% efficiency, unless another laboratory is added.

**b. the applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.**

The required information was presented in Section B.II.D above. The project updates and expands several patient care and support departments in both renovated and new space. The expansion of floor space in four of the O.R.'s, to support current surgical team needs in the Orthopedic service, and related modifications of PACU and support areas of Surgery, require relocation of Imaging--which in turn requires construction of new space on the front of the hospital. That in turn requires reworking of the entrance, reception, PAT, and Pharmacy areas. The Surgery expansion on the second floor also takes space currently used by Laboratory, which must be moved to existing MOB space adjoining the second floor of the hospital.

There is no cost-effective alternative to an onsite renovation and expansion. These Departments cannot be spun out and replaced at another location because they are integrated into a continuum of care within an existing acute care facility. Nor would that be affordable, even if possible. Nor is there existing vacant space in the hospital that could be used to avoid the new construction proposed for the first floor.

# **The Framework for Tennessee's Comprehensive State Health Plan**

## **Five Principles for Achieving Better Health**

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.

### **1. Healthy Lives**

*The purpose of the State Health Plan is to improve the health of Tennesseans.*

**Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.**

TriStar Parkridge Medical Center has a significant role in acute healthcare in Southeast Tennessee and North Georgia. This project enables its physicians and staff to work more efficiently and effectively, especially in the area of orthopedic surgery and cardiac care. TriStar Parkridge has in place numerous quality improvement processes to measure efficiencies, costs, and outcomes.

### **2. Access to Care**

*Every citizen should have reasonable access to health care.*

**Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.**

This process supports service area access to TriStar Parkridge's services, by assuring that the hospital will continue to have cardiac diagnostic capacity to avoid delays in obtaining needed cardiac catheterization testing.

### **3. Economic Efficiencies**

*The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.*

The upgrading of Surgery in particular will provide greater efficiency, by making orthopedic operating rooms large enough to allow swift and efficient staff movement and rapid access to technology providing real-time data to the surgical teams.

#### **4. Quality of Care**

***Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.***

TriStar Parkridge Medical Center and its caregiver teams and surgical staff observe high standards of professional preparation, competence, and care. The hospital and its parent company are heavily committed to identifying and implementing best practices through continuous data-driven evaluation.

#### **5. Health Care Workforce**

***The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.***

The applicant's numerous affiliations with health professions training programs contribute yearly to the development of the healthcare workforce. These programs are listed in Section C.III.6 of this application.

#### **C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.**

TriStar Parkridge Medical Center continuously updates its development plans through regular community need assessments, service capacity analyses, and facility planning projects. This project has been in the planning stage since mid-2013.

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**C(1).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).**

Table Six on the following page identifies TriStar Parkridge's service area by county, based on overall hospital admissions as reported in its Joint Annual Report. The project is not expected to change the applicant's service area.

The primary service area consists of four Tennessee counties and two Georgia counties, which collectively contribute approximately 82% of TriStar Parkridge's annual admissions. Hamilton County in Tennessee contributes approximately 50%. Walker and Catoosa Counties in adjoining Georgia contribute almost 20%. The only other counties contributing more than 3.5% of admissions each are Marion, Sequatchie, and Rhea Counties in Tennessee. The hospital also draws patients from 34 other Tennessee counties and several other States.

A service area map and a map showing the location of the service within the State of Tennessee are provided as Attachments C, Need--3 at the back of the application.

**Table Six: Patient Origin Projection  
Parkridge Medical Center  
CY2013**

<b>County</b>	<b>Admissions CY2013</b>	<b>Percent of Total Admissions</b>	<b>Cumulative Percent of Total Admissions</b>
<i>Primary Service Area (PSA) Counties</i>			
Hamilton	4,065	50.21%	50.21%
Walker (GA)	1,038	12.82%	63.03%
Catoosa (GA)	528	6.52%	69.55%
Marion	400	4.94%	74.49%
Sequatchie	331	4.09%	78.58%
Rhea	293	3.62%	82.20%
<i>PSA Subtotal</i>	<i>6,655</i>	<i>82.20%</i>	
<i>Secondary Service Area (SSA) Counties and States</i>			
34 Other TN Counties <3.5%	1,091	13.48%	95.68%
Other States	350	4.32%	100.00%
<i>SSA Subtotal</i>	<i>1,441</i>	<i>17.80%</i>	
<i>Grand Total</i>	<i>8,096</i>	<i>100.00%</i>	<i>100.00%</i>

Source: Hospital records and management projections.

**C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.**

The applicant's Tennessee primary service area has an older median age than the State of Tennessee (40.5 years vs. 38 years); and the percent of its total population that is elderly (65+) is higher than the State average (17% vs. 15.2%).

With the exception of Hamilton County, the primary service area has a lower median income than the Tennessee average. It has a similar profile to the State with respect to the percent of persons living in poverty; and its percent of population enrolled in TennCare is slightly lower than in the State as a whole (18.8% vs. 19.9% Statewide).

Details on these and other demographic factors are provided in Table Seven on the following page.

**C(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.**

TriStar Parkridge Medical Center is highly accessible to the above groups. It serves both Medicare, TennCare, and out-of-State Medicaid patients. Its services are provided without regard to age, gender, race, or ethnicity. The project does not affect the accessibility of the facility.

**Table Seven: Demographic Characteristics of Tennessee Primary Service Area  
TriStar Parkridge Medical Center  
2015-2019**

<b>Demographic</b>	<b>HAMILTON County</b>	<b>MARION County</b>	<b>RHEA County</b>	<b>SEQUATCHIE County</b>	<b>TENNESSEE PSA</b>	<b>STATE OF TENNESSEE</b>
<b>Median Age-2010 US Census</b>	39.3	42.3	39.8	40.6	40.5	38.0
<b>Total Population-2015</b>	349,273	28,652	33,767	15,246	426,938	6,649,438
<b>Total Population-2019</b>	354,610	29,125	35,081	16,270	435,086	6,894,997
<b>Total Population-% Change 2015 to 2019</b>	1.5%	1.7%	3.9%	6.7%	1.9%	3.7%
<b>Age 65+ Population-2015</b>	57,974	5,502	6,217	2,916	72,609	1,012,937
<b>% of Total Population</b>	16.6%	19.2%	18.4%	19.1%	17.0%	15.2%
<b>Age 65+ Population-2019</b>	64,174	6,031	6,907	3,372	80,484	1,134,565
<b>% of Total Population</b>	18.1%	20.7%	19.7%	20.7%	18.5%	16.5%
<b>Age 65+ Population- % Change 2015-2019</b>	10.7%	9.6%	11.1%	15.6%	10.8%	12.0%
<b>Median Household Income</b>	\$46,702	\$41,268	\$36,741	\$36,434	\$40,286.25	\$44,298
<b>TennCare Enrollees (11/14)</b>	61,410	6,636	8,490	3,716	80,252	1,324,208
<b>Percent of 2015 Population Enrolled in TennCare</b>	17.6%	23.2%	25.1%	24.4%	18.8%	19.9%
<b>Persons Below Poverty Level (2009-2013)</b>	57,979	5,215	7,631	2,653	73,478	1,170,301
<b>Persons Below Poverty Level As % of Population (US Census)</b>	16.6%	18.2%	22.6%	17.4%	17.2%	17.6%

Sources: TDH Population Projections, May 2013; U.S. Census QuickFacts and FactFinder2;  
TennCare Bureau. PSA data is unweighted average or total of county data.

**C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS IN THE SERVICE AREA. INCLUDE UTILIZATION AND/OR OCCUPANCY TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.**

The only service capacity expanded in this project is the hospital's cardiac catheterization laboratory capacity. Table Eight below provides comparative utilization of primary service area catheterization laboratories as reported in their Joint Annual Reports for CY2011-CY2013. The JAR requests only procedures data so the numbers in the table are procedures, not cases. "Laboratories" includes both EP labs and labs used for cardiac diagnostic and therapeutic procedures. "Diagnostic" refers to Intra-Cardiac or Coronary Artery Procedures; "PTCA" means percutaneous transluminal coronary angiography. These are the principal procedures performed in these laboratories, although others are also performed and reported in the JAR.

<b>Table Eight: Utilization of Cardiac Catheterization Laboratories (Procedures) Tennessee Primary Service Area of TriStar Parkridge Medical Center</b>			
<b>Facility</b>	<b>CY2011</b>	<b>CY2012</b>	<b>CY2013</b>
<b>Parkridge Medical Center</b>			
Laboratories	4	4	4
Diagnostic Procedures	1,964	3,347	2,045
PTCA	788	1,026	880
Total, Diagnostic + PTCA	2,752	3,373	2,925
<b>Erlanger Medical Center</b>			
Laboratories	4	4	4
Diagnostic Procedures	1,974	1,678	2,284
PTCA	689	508	628
Total, Diagnostic + PTCA	2,663	2,186	2,912
<b>Memorial Healthcare System</b>			
Laboratories	7	7	7
Diagnostic Procedures	4,345	4,428	4,284
PTCA	104	100	85
Total, Diagnostic + PTCA	4,449	4,528	4,369

*Source: Joint Annual Reports, 2011-2013*

**C(1).6. PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION OF THE PROJECT. ADDITIONALLY, PROVIDE THE DETAILS REGARDING THE METHODOLOGY USED TO PROJECT UTILIZATION. THE METHODOLOGY MUST INCLUDE DETAILED CALCULATIONS OR DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.**

The only capacity increase in this project is in the Cardiac Catheterization Department. Table Four in Section B.II.D above presented the past four years of utilization in that area, for the categories of diagnostic and therapeutic catheterizations and diagnostic and therapeutic electrophysiology studies. The data presented were cases and "weighted" cases, as required by the State Health Plan methodology for identifying the percentage of utilization for this type of service. For the reviewer's convenience, another copy of Table Four follows this page.

On the second following page, Table Nine provides historical and projected utilization of the Parkridge clinical Departments affected by this project. Notes on the chart describe all projection methodologies.

**Table Four: Parkridge Medical Center Catheterization Laboratories---Cases With State Health Plan Weighting**

Category	SHP Weight	CY2011		CY2012		CY2013		CY2014	
		Cases	Weighted	Cases	Weighted	Cases	Weighted	Cases	Weighted
Diagnostic Cardiac Catheterization	1.0	1,368	1,368	1,600	1,600	1,475	1,475	1,300	1,300
Therapeutic Cardiac Catheterization	2.0	799	1,598	1,028	2,056	865	1,730	860	1,720
Total Diagnostic/Therapeutic Catheterization		2,167	2,966	2,628	3,656	2,340	3,205	2,160	3,020
Diagnostic Electrophysiological Studies	2.0	240	480	284	568	254	508	217	434
Therapeutic Electrophysiological Studies	4.0	681	2,724	813	3,252	671	2,684	712	2,848

Source: Parkridge management

Table Nine: Parkridge Medical Center Historic and Projected Utilization of Clinical Services In the Project												
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
<b>SURGICAL CASES</b>												
Inpatient	3,399	3,760	3,951	3,689	3,763	3,838	3,915	3,993	4,073	4,154	4,238	
Outpatient	6,519	6,924	6,643	6,934	7,073	7,214	7,358	7,506	7,656	7,809	7,965	
Total	9,918	10,684	10,594	10,623	10,835	11,052	11,273	11,499	11,729	11,963	12,202	
Operating Rooms	13	13	13	13	13	13	13	13	13	13	13	
Cases/Room	763	822	815	817	833	850	867	885	902	920	939	
<b>IMAGING PROCEDURES</b>												
CT1	4,288	4,680	4,522	4,550	4,641	4,734	4,828	4,925	5,024	5,124	5,227	
CT2	6,179	7,351	7,047	7,707	7,861	8,018	8,179	8,342	8,509	8,679	8,853	
CT Subtotal	10,467	12,031	11,569	12,257	12,502	12,752	13,007	13,267	13,533	13,803	14,079	
MRI	2,490	2,587	2,060	2,146	2,150	3,064	3,125	3,188	3,251	3,316	3,383	
Nuclear Medicine	1,744	1,405	1,238	1,304	1,343	1,383	1,425	1,468	1,512	1,557	1,604	
Mammography	1,226	1,343	1,216	1,032	1,063	1,095	1,128	1,162	1,196	1,232	1,269	
<b>CATHETERIZATION LABORATORY—CASES</b>												
Intracardiac/Coronary Artery—Diagnostic Cases	1,368	1,600	1,475	1,300	1,339	1,379	1,421	1,463	1,507	1,552	1,599	
PCI-Interventional Cases	799	1,028	865	860	886	912	940	968	997	1,027	1,058	
Diagnostic Electrophysiology Cases	240	284	254	217	224	230	237	244	252	259	267	
Therapeutic Electrophysiology Cases	681	813	671	712	733	755	778	801	825	850	876	
Total	3,088	3,725	3,265	3,089	3,182	3,277	3,375	3,477	3,581	3,688	3,799	

Source: 2011-2013 Joint Annual Reports and hospital management.

Notes:

Surgical cases projected to increase at 2% annually.

CT increased >5% per year; projected CT to increase at 2% per year.

NIM and Mammo projected to increase at 3% per year.

Cath labs—Projected to increase at 3% per year.

MRI—2015 projected level with 2014; 2016-2017 as projected in CN1408-035; growth projected at 2% annually thereafter.

**C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.**

- **ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST \$3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.**

- **THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.**

- **THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.**

- **FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.**

The architect's letter supporting the construction cost estimate is provided in Attachment C, Economic Feasibility--1.

On the Project Costs Chart, following this response:

Line A.1, A&E fees, were estimated by the project architect.

Line A.2, legal, administrative, and consultant fees, include a contingency for expenses of an administrative appeals hearing and miscellaneous governmental and professional fees associated with the construction of the project.

Lines A.4, site preparation, and A.5, construction cost, were estimated by the HCA Planning and Development staff.

Line A.6, contingency, was estimated by the HCA Planning and Development staff.

Lines A.7 and A.8, fixed and moveable equipment costs, were estimated by the HCA Planning and Development staff.

Vendor quotations for major medical equipment are provided in Attachment B.II.E.3.

Line A.9 includes such costs as information technology, telecommunications, miscellaneous minor equipment and furnishings, and miscellaneous fees and overhead.

# PROJECT COSTS CHART--PARKRIDGE MEDICAL CENTER RENOVATION AND EXPANSION

## A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees	\$ 286,536
2. Legal, Administrative, Consultant Fees (Excl CON Filing)	831,969
3. Acquisition of Site	0
4. Preparation of Site	1,400,000
5. Construction Cost	22,318,710
6. Contingency Fund	4,715,742
7. Fixed Equipment (Not included in Construction Contract)	16,021,256
8. Moveable Equipment (List all equipment over \$50,000)	8,023,966
9. Other (Specify) IT, telecomm, misc	6,005,580

## B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land)	
2. Building only	
3. Land only	
4. Equipment (Specify)	
5. Other (Specify)	

## C. Financing Costs and Fees:

1. Interim Financing construction interest	1,810,718
2. Underwriting Costs	
3. Reserve for One Year's Debt Service	
4. Other (Specify)	

## D. Estimated Project Cost (A+B+C)

61,414,477

## E. CON Filing Fee

45,000

## F. Total Estimated Project Cost (D+E)

TOTAL \$ 61,459,477

Actual Capital Cost 61,459,477  
Section B FMV 0

**March 24, 2015  
8:00am**

<b>Parkridge Medical Center--Equipment Exceeding \$50,000</b>				
<b>item #</b>	<b>item Description</b>	<b>Vendor</b>	<b>Qty</b>	<b>Est List Price</b>
721097	EKG Management system	GE Healthcare	2	\$172,500
721213	Acuson Cypress CV US	Siemens Medical	1	\$71,231
725754	#H4904SG; Ultrasound Logiq 9 imagine	GE Healthcare	3	\$196,639
727498	#H4100SR; Ultrasound Vivid E9	GE Healthcare	2	\$228,552
691632	#XRF119; R & F: Precision 500D	GE Healthcare	1	\$346,572
722031	#XRA590; Definium 8000 Digital	GE Healthcare	2	\$451,508
706149	#S8003YB; NUC. Med.Millennium MG	GE Healthcare	2	\$296,384
BS0863	Catheterization Lab--Innova Biplane	GE Healthcare	1	\$2,458,235
330000	Cardiac Cath Monitoring	GE Healthcare	2	\$212,750
722457	Integration System	Karl Storz	3	\$172,500
723582	#5364286-07; OEC 9900 Elite	GE Healthcare	1	\$172,371
706763	1009-9002-000-S/5 Avance	GE Healthcare	1	\$76,853
716035	Surgical Instruments	Carefusion - V.MU	3	\$172,500
717167	MIS Video System	Karl Storz Endos	1	\$201,250
716034	Surgical Instruments	Carefusion - V.MU	2	\$287,500
723585	9900 Elite ESP STD-C with 9"1.1.	GE Healthcare	2	\$163,623
725407	#STS; Spinal Table System	Mizuho OSI	2	\$127,653
716034	Surgical Instruments ***for	Carefusion - V.MU	2	\$287,500
725393	Arthroscopic Video	Stryker Endoscope	2	\$201,250
706528	Apex Pro Telemetry w/CIC (16 bed)	GE Healthcare	1	\$190,747
706763	1009-9002-000-S/5 Avance	GE Healthcare	1	\$76,853
				<b>\$6,564,973</b>

*Note: Listed cost is estimated market price before discounts and negotiation.*

**C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.**

**a. PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY SUMMARIZE HOW THE PROJECT WILL BE FINANCED. (DOCUMENTATION FOR THE TYPE OF FUNDING MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY--2).**

       **A. Commercial Loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;**

       **B. Tax-Exempt Bonds--copy of preliminary resolution or a letter from the issuing authority, stating favorable contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;**

       **C. General Obligation Bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting;**

       **D. Grants--Notification of Intent form for grant application or notice of grant award;**

  x   **E. Cash Reserves--Appropriate documentation from Chief Financial Officer; or**

       **F. Other--Identify and document funding from all sources.**

The project will be funded/financed by a cash grant from HCA, Inc., the parent company of the applicant, to TriStar Health, the applicant's Division office in Tennessee. Documentation of financing is provided in Attachment C, Economic Feasibility--2.

**C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.**

The justification of costs was provided in an earlier section of the application, which is repeated here:

Hospital construction projects approved by the HSDA in 2011-2013 had the following average construction costs per SF:

<b>Table Three: Hospital Construction Cost PSF Years: 2011-2013</b>			
	<b>Renovated Construction</b>	<b>New Construction</b>	<b>Total Construction</b>
1 <sup>st</sup> Quartile	\$107.15/sq ft	\$235.00/sq ft	\$151.56/sq ft
Median	\$179.00/sq ft	\$274.63/sq ft	\$227.88/sq ft
3 <sup>rd</sup> Quartile	\$249.00/sq ft	\$324.00/sq ft	\$274.63/sq ft

*Source: HSDA, from CON approved applications during 2011-2013.*

This proposed project is consistent with those cost ranges. The project's estimated construction cost is approximately \$241 PSF overall (for 92,662 SF of new and renovated areas). Within this overall average, the project's estimated new construction cost (rounded) is approximately \$320.00 PSF, and its estimated renovation cost (rounded) is approximately \$184 PSF. All of these costs are within the range of approved projects to date.

<b>Table Two-B (Repeated): This Project's Construction Costs</b>			
	<b>Renovation</b>	<b>New Construction</b>	<b>Total Project</b>
Square Feet	54,049 SF	38,613 SF	92,662 SF
Construction Cost	\$9,962,550	\$12,356,160	\$22,318,710
Constr. Cost PSF	\$184.32	\$320.00 PSF	\$240.86 PSF

**C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES--DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS. HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE FOR THE INSTITUTION. PROJECTED DATA CHART REQUESTS INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF THIS PROPOSAL. PROJECTED DATA CHART SHOULD INCLUDE REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., IF THE APPLICATION IS FOR ADDITIONAL BEDS, INCLUDE ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).**

See the following pages for these charts, with notes where applicable. After discussions with HSDA staff, an Historic Data Chart and a Projected Data Chart have been provided for TriStar Parkridge Medical Center itself, rather than charts for individual Departments.

**March 24, 2015  
8:00am**

**HISTORICAL DATA CHART – PARKRIDGE MEDICAL CENTER**

Give information for the last three (3) years for which complete data are available for the facility or agency.

The fiscal year begins in January.

		<b>Year 2012</b>	<b>Year 2013</b>	<b>Year 2014</b>
	Admissions	8270	8145	7965
A.	Utilization Data			
	Patient Days	40,134	39,074	37,540
B.	Revenue from Services to Patients			
1.	Inpatient Services	\$ 463,477,677	\$495,484,353	510,738,469
2.	Outpatient Services	\$290,651,093	\$291,059,449	303,885,017
3.	Emergency Services	\$86,456,537	\$95,714,054	110,613,759
4.	Other Operating Revenue	\$916,129	\$647,058	621,499
	(Specify) <u>See notes page</u>			
	<b>Gross Operating Revenue</b>	<b>\$ 841,501,436</b>	<b>\$ 882,904,914</b>	<b>\$ 925,858,744</b>
C.	Deductions for Operating Revenue			
1.	Contractual Adjustments	\$ 634,887,449	667,552,091	732,687,767
2.	Provision for Charity Care	6,523,953	5,410,971	4,050,212
3.	Provisions for Bad Debt	10,534,341	16,869,068	9,141,962
	<b>Total Deductions</b>	<b>\$ 651,945,743</b>	<b>\$ 689,832,130</b>	<b>\$ 745,879,941</b>
	<b>NET OPERATING REVENUE</b>	<b>\$ 189,555,693</b>	<b>\$ 193,072,784</b>	<b>\$ 179,978,802</b>
D.	Operating Expenses			
1.	Salaries and Wages	\$ 60,767,512	61,923,883	60,696,105
2.	Physicians Salaries and Wages			
3.	Supplies	44,878,313	46,535,454	43,941,648
4.	Taxes	774,179	777,291	788,372
5.	Depreciation	6,352,276	5,436,735	5,547,443
6.	Rent	984,426	758,674	576,734
7.	Interest, other than Capital	71,942	79,300	93,083
8.	Management Fees			
	a. Fees to Affiliates	11,036,759	13,452,652	12,975,060
	b. Fees to Non-Affiliates			
9.	Other Expenses (Specify) <u>See notes page</u>	25,445,245	26,450,307	26,333,144
	<b>Total Operating Expenses</b>	<b>\$ 150,310,652</b>	<b>\$ 155,414,296</b>	<b>\$ 150,951,589</b>
E.	Other Revenue (Expenses) -- Net (Specify)	\$	\$	\$
	<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 39,245,041</b>	<b>\$ 37,658,488</b>	<b>\$ 29,027,213</b>
F.	Capital Expenditures			
1.	Retirement of Principal	\$	\$	\$
2.	Interest	(5,212,233)	(6,919,211)	(8,064,561)
	<b>Total Capital Expenditures</b>	<b>\$ (5,212,233)</b>	<b>\$ (6,919,211)</b>	<b>\$ (8,064,561)</b>
	<b>NET OPERATING INCOME (LOSS)</b>			
	<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ 44,457,274</b>	<b>\$ 44,577,699</b>	<b>\$ 37,091,774</b>

**Parkridge Medical Center  
Historic Data Chart**

**Historic Data Chart**

<b>B(4). Other Operating Revenue:</b>		Year 2012	Year 2013	Year 2014
Rental Income		24,373	45,739	48,686
Cafeteria/Vending		828,001	557,403	531,682
Misc		63,755	43,916	41,131
		916,129	647,058	621,499

<b>D(9). Other Expenses:</b>		Year 2012	Year 2013	Year 2014
Professional Services		1,824,542	1,824,542	1,966,491
Contract Services		15,279,039	15,279,036	14,636,204
Repairs and Maintenance		3,880,610	3,880,610	4,157,044
Utilities		1,833,919	1,833,919	2,017,215
Insurance		1,334,622	1,334,622	1,428,790
Investment Income		0	0	0
Interest income & sale of assets		(21,712)	(38,595)	(128,875)
Legal and Accounting Services		223,736	397,714	253,730
Marketing Expenses		324,231	576,354	508,368
Postage		130,666	232,273	213,063
Travel and Entertainment		42,578	75,686	125,793
Dues and Subscriptions		68,370	121,534	165,766
Education and Development		14,302	25,423	13,590
Recruiting		137,946	245,214	414,705
Licenses, permits and software		372,397	661,975	561,261
		25,445,245	26,450,307	26,333,145

## PROJECTED DATA CHART-- PARKRIDGE MEDICAL CENTER

Give information for the two (2) years following the completion of this proposal.

The fiscal year begins in January.

		CY 2020	CY 2021
	Admissions	8,757	9,220
	Patient Days	41,123	43,189
A.	Utilization Data		
B.	Revenue from Services to Patients		
1.	Inpatient Services	\$ 860,081,897	\$ 985,800,215
2.	Outpatient Services	512,522,269	575,812,069
3.	Emergency Services	178,874,532	196,922,972
4.	Other Operating Revenue (Specify) <u>See notes page</u>	686,521	700,320
	<b>Gross Operating Revenue</b>	<b>\$ 1,552,165,219</b>	<b>\$ 1,759,235,577</b>
C.	Deductions for Operating Revenue		
1.	Contractual Adjustments	\$ 1,314,341,665	\$ 1,502,391,271
2.	Provision for Charity Care	7,513,307	8,900,628
3.	Provisions for Bad Debt	16,958,711	20,090,111
	<b>Total Deductions</b>	<b>\$ 1,338,813,683</b>	<b>\$ 1,531,382,011</b>
	<b>NET OPERATING REVENUE</b>	<b>\$ 213,351,536</b>	<b>\$ 227,853,566</b>
D.	Operating Expenses		
1.	Salaries and Wages	\$ 73,496,185	\$ 77,320,913
2.	Physicians Salaries and Wages	0	0
3.	Supplies	53,415,889	57,513,784
4.	Taxes	1,145,372	1,123,372
5.	Depreciation	8,532,443	8,532,443
6.	Rent	687,073	748,878
7.	Interest, other than Capital	93,083	93,083
8.	Management Fees		
a.	Fees to Affiliates	15,005,845	15,946,884
b.	Fees to Non-Affiliates	0	0
9.	Other Expenses (Specify) <u>See notes page</u>	29,715,173	31,827,927
	<small>Dues, Utilities, Insurance, and Prop Taxes.</small>		
	<b>Total Operating Expenses</b>	<b>\$ 182,091,064</b>	<b>\$ 193,107,284</b>
E.	Other Revenue (Expenses) -- Net (Specify)	\$	\$
	<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 31,260,472</b>	<b>\$ 34,746,282</b>
F.	Capital Expenditures		
1.	Retirement of Principal	\$	\$
2.	Interest	-6,044,499	-6,223,556
	<b>Total Capital Expenditures</b>	<b>\$ (6,044,499)</b>	<b>\$ (6,223,556)</b>
	<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 37,304,971</b>	<b>\$ 40,969,838</b>
	<b>LESS CAPITAL EXPENDITURES</b>		

**Parkridge Medical Center  
Projection Charts**

<b>B(4). Other Operating Revenue:</b>		<b>2020</b>	<b>2021</b>
Rental Income		53,780	54,861
Cafeteria/Vending		587,308	599,113
Misc		45,434	46,347
		686,521	700,320

<b>B(9). Other Operating Expenses:</b>		<b>2020</b>	<b>2021</b>
Professional Services		2,190,229	2,233,891
Contract Services		16,201,475	16,558,441
Repairs and Maintenance		4,616,963	5,609,261
Utilities		2,518,260	2,571,048
Insurance		1,633,273	1,711,996
Investment Income		0	0
Interest income & sale of assets		-142,358	-145,220
Legal and Accounting Services		280,276	285,909
Marketing Expenses		661,555	622,842
Postage		235,354	240,085
Travel and Entertainment		138,954	141,747
Dues and Subscriptions		183,109	186,789
Education and Development		15,012	15,314
Recruiting		563,092	1,163,381
Licenses, permits and software		619,981	632,443
		29,715,175	31,827,928

**C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.**

<b>Table Ten: Average Charges, Deductions, Net Charges, Net Operating Income</b>		
	<b>CY2020</b>	<b>CY2021</b>
Patient Days	41,123	43,189
Admissions or Discharges	8,757	9,220
Average Gross Charge Per Day	\$37,745	\$40,733
Average Gross Charge Per Admission	\$177,243	\$190,806
Average Deduction from Operating Revenue per Day	\$32,556	\$35,547
Average Deduction from Operating Revenue per Admission	\$152,880	\$166,093
Average Net Charge (Net Operating Revenue) Per Day	\$5,188	\$5,276
Average Net Charge (Net Operating Revenue) Per Admission	\$24,363	\$24,713
Average Net Operating Income after Expenses, Per Day	\$760	\$805
Average Net Operating Income after Expenses, Per Admission	\$3,570	\$3,769

**C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.**

The project's most frequent charges for affected clinical (i.e., patient care) Departments are shown in response to C(II).6.B below. The proposed construction program will not increase hospital charges.

**C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).**

There is no publicly available data that enable the applicant's clinical Department-level charges to be compared to those of other hospitals in the service area. Table Eleven below compares tertiary Hamilton County hospitals' total gross charges (revenues) per admission and per day.

Tables Twelve-A and -B on the following two pages show the most frequent types of inpatient and outpatient procedures performed in the three affected clinical Departments, with their current Medicare reimbursement, and their projected Years One and Two average gross charges.

<b>Table Eleven: Comparative Charges Per Inpatient Day Tertiary Hospitals in Hamilton County</b>			
<b>Tertiary Hamilton County Hospitals</b>	<b>Gross Inpatient Charges</b>	<b>Inpatient Days</b>	<b>Gross IP Charge Per Day</b>
TriStar Parkridge Medical Center	\$495,454,520	39,074	\$12,680
Erlanger Medical Center	\$941,551,381	126,381	\$7,450
Memorial Healthcare (Main Hospital)	\$798,644, 956	95,924	\$8,326

*Source: Joint Annual Reports, 2013*

**Table Twelve-A: Parkridge Medical Center  
Most Frequent Inpatient Procedures and Average Gross Charges  
Clinical Departments in the Project**

CPT or DRG	Descriptor	Current Medicare Allowable	Average Gross Charge		
			CY2015 Current	CY 2020 Year 1	CY 2021 Year 2
Surgery					
470	Maj Join Rep/Reat Le W/O M		\$53,768	\$69,629.06	\$75,919.88
460	Spnal Fusn X Cervcal W/O MCC		\$79,705	\$103,217.37	\$112,542.80
473	Cervcal Spn Fusn W/O CC/MCC		\$46,765	\$60,561.02	\$66,032.56
234	Corn Bypass W Cath W/O CC		\$159,135	\$206,080.18	\$224,699.01
233	Corn Bypass W Cath W/ MCC		\$207,234	\$268,367.51	\$292,613.84
419	Lap Chole W/O Cde W/O CC		\$38,166	\$49,424.70	\$53,890.10
455	Ant/Pos Spnal Fusn W/O CC		\$107,198	\$138,821.41	\$151,363.58
039	Ex Cranial Px W/O CC/MCC		\$26,869	\$34,795.73	\$37,939.44
454	Ant/Pos Spinal Fusn W/ CC		\$150,114	\$194,397.46	\$211,960.78
468	Rev Hip/Kne Repl W/O CC/MCC		\$74,874	\$96,961.83	\$105,722.09
Imaging					
247	Perc Cv Px W De Stnt W/O MCC		\$91,900	\$119,010.85	\$129,763.18
945	Rehab W/ CC/MCC		\$65,297	\$84,559.44	\$92,199.17
287	Circ Dis No Mi Wcath W/O MCC		\$50,090	\$64,867.19	\$70,727.78
251	Per Cv Px W/O Stnt W/O MCC		\$122,083	\$158,097.96	\$172,381.71
392	Esoph, Ge Dig Dis W/O MCC		\$26,910	\$34,848.37	\$37,996.83
871	Septi/Seps W/O Mv96+Hr W/ MCC		\$96,582	\$125,073.04	\$136,373.08
310	Card Cond Dis W/O CC/MCC		\$14,417	\$18,670.12	\$20,356.92
313	Chest Pain		\$25,565	\$33,106.43	\$36,097.51
292	Heart Fail/Shock W/ CC		\$29,536	\$38,248.98	\$41,704.68
249	Perc Cv Px Wnde Stet W/O MCC		\$88,938	\$115,174.23	\$125,579.93
Cardiac Cath					
247	Perc Cv Px W De Stnt W/O MCC		\$97,841	\$126,703.52	\$138,150.87
287	Circ Dis No Mi Wcath W/O MCC		\$52,166	\$67,555.05	\$73,658.48
234	Corn Bypass W Cath W/O CC		\$161,732	\$209,442.58	\$228,365.19
233	Corn Bypass W Cath W/ MCC		\$219,079	\$283,707.38	\$309,339.63
249	Perc Cv Px Wnde Stet W/O MCC		\$84,543	\$109,483.68	\$119,375.26
286	Circ Dis No Mi W Cath W/ MCC		\$78,313	\$101,415.89	\$110,578.56
246	Perc Cv Px W De Stnt W/ MCC		\$134,877	\$174,666.21	\$190,446.86
216	Cv & Px W C Cath W/ MCC		\$327,347	\$423,914.97	\$462,214.63
251	Per Cv Px W/O Stnt W/O MCC		\$104,818	\$135,738.92	\$148,002.59
281	Acute Mi, Dis Aliv W/ CC		\$50,391	\$65,256.23	\$71,151.97

Source: EDW Casemix

**Table Twelve-B: Parkridge Medical Center  
Most Frequent Outpatient Procedures and Average Gross Charges  
Clinical Departments in the Project**

CPT or DRG	Descriptor	Current Medicare Allowable	Average Gross Charge		
			CY2015 Current	CY 2020 Year 1	CY 2021 Year 2
Surgery					
806	EXCIS KNEE SEMILUN CARTL	\$ 2,120	\$13,742	\$17,796.53	\$19,404.40
5123	LAPAROSCOPIC CHOLECYSTEC	\$ 3,483	\$15,755	\$20,402.53	\$22,245.84
8147	Other Repair Of Knee	\$ 8,508	\$27,876	\$36,099.40	\$39,360.90
0443	RELEASE OF CARPAL TUNNEL	\$ 1,286	\$7,822	\$10,129.59	\$11,044.77
8363	Rotator Cuff Repair	\$ 6,142	\$28,788	\$37,280.91	\$40,649.14
8051	Excision Intervertebral Disc	\$ 3,705	\$18,045	\$23,368.92	\$25,480.24
0309	Spinal Canal Explor Nec	\$ 4,044	\$21,090	\$27,312.19	\$29,779.78
560	TU REMOV URETER OBSTRUCT	\$ 3,508	\$18,497	\$23,953.34	\$26,117.46
8081	DESTRUC-SHOULDER LES NEC	\$ 4,202	\$19,250	\$24,928.70	\$27,180.95
6851	Lap Asst Vaginal Hyst	\$ 4,171	\$25,687	\$33,265.06	\$36,270.47
Imaging					
0000	No Proc		\$4,321	\$5,595.52	\$6,101.06
3726	Cardiac Electrophysiology Stim	\$ 12,608	\$110,128	\$142,615.34	\$155,500.27
0066	Percutaneous Transluminal Coronary Angioplasty	\$ 8,931	\$72,328	\$93,665.26	\$102,127.68
3722	Left Heart Cardiac Cath	\$ 6,305	\$58,045	\$75,168.91	\$81,960.23
9851	ESWL Kidney-Ureter &/ Bladder	\$ 2,823	\$21,837	\$28,278.36	\$30,833.24
3950	Angiogram Other Non-Coronary	\$ 6,000	\$59,794	\$77,433.62	\$84,429.56
5011	Percutaneous Liver Biopsy	\$ 818	\$5,899	\$7,639.79	\$8,330.03
3326	PERCUTANEOUS LUNG BIOPSY	\$ 1,132	\$10,565	\$13,681.54	\$14,917.63
3772	INSERT IV LEAD-ATR & VEN	\$ 11,036	\$52,630	\$68,155.57	\$74,313.25
8832	Contrast Arthrograph	\$ 785	\$6,627	\$8,582.18	\$9,357.56
Cardiac Cath					
3722	Left Heart Cardiac Cath	\$ 6,305	\$37,654	\$48,762.37	\$53,167.93
0066	Percutaneous Transluminal Coronary Angioplasty	\$ 8,931	\$72,585	\$93,997.44	\$102,489.87
3723	Rt/Left Heart Card Cath	\$ 5,493	\$33,609	\$43,523.20	\$47,455.41
8856	Coronary Arthrograph Using 2 Catheters	\$ 7,731	\$52,331	\$67,768.21	\$73,890.90
3721	Rt Heart Cardiac Cath	\$ 2,009	\$24,244	\$31,396.11	\$34,232.67
8849	Arteriography Other Specified Sites	\$ 10,393	\$47,311	\$61,267.10	\$66,802.43
3772	INSERT IV LEAD-ATR & VEN	\$ 9,863	\$39,973	\$51,765.52	\$56,442.41
3779	Revis Or Relocate Pocket	\$ 5,670	\$19,520	\$25,278.40	\$27,562.24
3787	Repl Pacemaker W Dual-Chamber	\$ 6,468	\$31,061	\$40,224.51	\$43,858.70
3726	Cardiac Electrophysiology Stim	\$ 12,608	\$109,265	\$141,497.53	\$154,281.47

Source: EDW Casemix

**C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.**

These are not new services for TriStar Parkridge Medical Center. The services are already cost-effective and are part of an overall hospital financial structure that operates with a positive margin. As shown in the Projected Data Chart, the hospital will continue to have a positive operating margin with the project fully operational.

**C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.**

These are not new services; this is a facility that already has positive cash flow and the Projected Data Charts for the project's components indicate continuing positive cash flow.

**March 24, 2015  
8:00am**

**C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS, INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.**

TriStar Parkridge Medical Center serves Medicare, Medicaid, TennCare, and medically indigent patients. In the past three years its charity care has averaged approximately \$5.3 million annually. In Year Two of this project, its charity care is projected to be almost \$9 million (CY2021). Based on CY2020 patient care gross revenues of \$1,551,478,698 from the Projected Data Chart, the following payor mix is projected for these programs:

<b>Table Thirteen: Medicare and TennCare/Medicaid Revenues &amp; Charity Care Year One--CY2020</b>			
	<b>Medicare</b>	<b>TennCare/Medicaid</b>	<b>Charity Care</b>
Gross Patient Revenue	\$927,163,670	\$180,281,825	\$7,513,307
Percent of Gross Revenue	59.76%	11.62%	0.48%

**C(II).10. PROVIDE COPIES OF THE BALANCE SHEET AND INCOME STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE INSTITUTION, AND THE MOST RECENT AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. FOR NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY--10.**

These are provided as Attachment C, Economic Feasibility--10.

**C(II)11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:**

**A. A DISCUSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.**

For a modernization project, renovation and sometimes new construction are usually unavoidable. That is clearly the case with this project. This project is driven primarily by the need to expand and modernize Surgery. Its expansion inevitably will force the Imaging and Laboratory Departments from their second floor space adjoining Surgery. The applicant has pursued a very cost-effective strategy for replacing the Laboratory in adjoining MOB space, which requires a lower cost than new construction. The relocation of Imaging, however, can only be into a new wing. The applicant is taking available first floor parking lot space on the front of the hospital, to construct that wing. No more cost-efficient alternative solution can be identified.

**B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.**

To control project costs as much as possible, the architects have made use of renovation as much as possible--not only within the hospital walls, but also within adjoining medical office building space. The only new construction proposed is to house several departments that will be displaced from the second floor by the much-needed expansion of Surgery.

**March 24, 2015  
8:00am**

**C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (I.E., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.) MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AND/OR WORKING RELATIONSHIPS, E.G., TRANSFER AGREEMENTS, CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.**

As a tertiary referral hospital with almost a half million residents in its primary service area of six Tennessee and Georgia counties, TriStar Parkridge Medical Center regularly discharges patients to scores of southeast Tennessee and Georgia nursing homes, home health agencies, hospices, and rehabilitation hospitals and units of hospitals. Following this page are examples of providers to whom patients are regularly referred.

**C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL, INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.**

The applicant does not expect this project to have any negative impact on the Chattanooga area health care system. Almost all of the project is simply a modernization program, with no addition of patient care capacity that could reduce any other providers' utilization. The proposed modernization is to improve the applicant's own internal efficiency and quality.

Although the application does propose to add one cardiac catheterization laboratory to the four currently operated at the hospital, this will not adversely impact the market share of any other provider of cardiac catheterization services. TriStar Parkridge Medical Center needs more cath lab capacity to accommodate its normal growth in utilization, that is reflected in trends since CY2011.

SN+  
Hamilton County

Parkridge Medical Center  
2333 MCCALLIE AVE  
CHATTANOOGA, TN, 37404  
Tel: (423) 698-6061

**Health-Care Provider Matches for Patient** [REDACTED]

**Follow-Up Requested:**

Please review the following list that we have prepared for you as you get ready for your discharge from the hospital.

This is a list of facilities and/or agencies in your preferred geographic area which are available to provide the services recommended by your physician as described in your discharge plan. For your convenience, we have included contact information for each listed organization, if you would like to learn more about them.

Janis Johnson prepared this list on 03/11/2015 02:07:45 PM

<b>NHC HEALTHCARE - CHATTANOOGA</b> 2700 PARKWOOD AVE Chattanooga, TN 37404 Tel: (423) 624-1533 Fax: (423) 242-7103	<b>CONSULATE HEALTH CARE OF CHATTANOOGA</b> 8249 STANDIFER GAP ROAD Chattanooga, TN 37421 Tel: (423) 892-1716 Fax: (423) 892-3709	<b>LIFE CARE CENTER OF EAST RIDGE</b> 1500 Fincher Ave Chattanooga, TN 37412 Tel: (423) 894-1254 Fax: (423) 892-0840
<b>Life Care Center of Hixson</b> 5798 Hixson Homeplace Hixson, TN 37343 Tel: (423) 842-0049 Fax: (423) 591-8829	<b>ALEXIAN VILLAGE OF TENNESSEE</b> 671 ALEXIAN WAY Signal Mountain, TN 37377 Tel: (423) 886-0100 Fax: (423) 886-0558	<b>Davis Retirement Home</b> 1106 Duncan Ave Chattanooga, TN 37404 Tel: (423) 697-0733 Fax: (423) 697-8484
<b>HEALTH CENTER AT STANDIFER PLACE, THE</b> 2626 Walker Rd Chattanooga, TN 37421 Tel: (423) 490-1599 Fax: (423) 490-4673	<b>LIFE CARE CENTER OF COLLEGEDALE</b> PO BOX 658, 9210 APISON PIKE PO BOX 658 Collegedale, TN 37315 Tel: (423) 396-2182 Fax: (423) 396-3505	<b>Life Care Center of Ooltewah</b> 5911 Snow Hill Rd Ooltewah, TN 37363 Tel: (423) 531-0600 Fax: (423) 238-0213
<b>New Beginnings Counseling Center</b> 2120 Northgate Park Lane Ste 201 Chattanooga, TN 37415 Tel: (423) 870-5647 Fax: (423) 870-5545	<b>Senior Saint's Home</b> 704 Belvoir Ave Chattanooga, TN 37412 Tel: (423) 622-1685 Fax: (423) 622-5119	<b>SODDY-DAISY HEALTH CARE CENTER</b> 701 Sequoyah Rd Soddy-Daisy, TN 37379 Tel: (423) 332-0060 Fax: (423) 332-0328
<b>St. Barnabas at Siskin Hospital</b> 1 Siskin Plaza Chattanooga, TN 37403 Tel: (423) 488-2072 Fax: (423) 847-4118		

We hope this information helps you select the best possible follow-up treatment option for you after you are discharged from our organization.

If you have any questions about your discharge plan or the providers listed, please contact the staff member who has been working with you.

Optional: By signing this document I recognize I was presented with choice of a post-acute care provider.

Janis Johnson

Parkridge Medical Center  
03/11/2015

[REDACTED]  
03/11/2015

Assisted Living  
Hamilton County

**Parkridge Medical Center**  
2333 MCCALLIE AVE  
CHATTANOOGA, TN, 37404  
Tel: (423) 698-6061

**Health-Care Provider Matches for Patient** [REDACTED]

**Follow-Up Requested:**

Please review the following list that we have prepared for you as you get ready for your discharge from the hospital.

This is a list of facilities and/or agencies in your preferred geographic area which are available to provide the services recommended by your physician as described in your discharge plan. For your convenience, we have included contact information for each listed organization, if you would like to learn more about them.

Janis Johnson prepared this list on 03/11/2015 02:08:59 PM

<b>Elm Croft</b> 1502 Gunbarrel Rd Chattanooga, TN 37421 Tel: (423) 485-9496 Fax: (423) 892-8208	<b>Elmcroft at Chattanooga</b> 7127 Lee Hwy Chattanooga, TN 37421 Tel: (423) 899-8133 Fax: (423) 899-5117	<b>Elmcroft of Hamilton Place Assisted Living</b> 1502 Gunbarrel Rd Chattanooga, TN 37421 Tel: (423) 485-9496 Fax: (423) 892-8208
<b>Friendship Haven</b> 950 Dodson Ave Chattanooga, TN 37406 Tel: (423) 475-6163 Fax: (423) 702-5276	<b>Hickory Valley Retirement Center</b> 6705 Ballard Dr Chattanooga, TN 37421 Tel: (423) 855-0508 Fax: (111) 111-1111	<b>Morning Point of Chattanooga</b> 7620 Shallowford Rd Chattanooga, TN 37421 Tel: (423) 296-0097 Fax: (423) 296-0225
<b>Parkwood Retirement Apartments</b> 2700A Parkwood Avenue Chattanooga, TN 37404 Tel: (423) 624-1185 Fax: (423) 242-7103	<b>Southern Living Homes</b> 7230 Lee Hwy Chattanooga, TN 37421 Tel: (423) 499-8500 Fax: (423) 499-1277	<b>Terrace at Mountain Creek</b> 1005 Mountain Creek Road Chattanooga, TN 37405 Tel: (423) 874-0200 Fax: (423) 874-0227
<b>The Lantern At Morning Pointe</b> 9300 Messinger Ln Coltawah, TN 37363 Tel: (423) 396-4700 Fax: (423) 396-4722	<b>Wallington Place of Hixson</b> 4515 Hixson Pike Hixson, TN 37343 Tel: (423) 877-8771 Fax: (423) 877-0770	

We hope this information helps you select the best possible follow-up treatment option for you after you are discharged from our organization.

If you have any questions about your discharge plan or the providers listed, please contact the staff member who has been working with you.

Optional: By signing this document I recognize I was presented with choice of a post-acute care provider.

**Janis Johnson**

**Parkridge Medical Center**  
03/11/2015

[REDACTED]  
03/11/2015

**Please note:**

All information contained herein was obtained by Curaspan Health Group from either a third-party source or the applicable post-acute care provider and has not been independently verified. If you

**C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.**

Please see Table Fifteen on the following page for a chart of current and projected FTE's and salary ranges.

The Department of Labor and Workforce Development website indicates the following Upper Central Tennessee region's annual salary information for clinical employees of this project:

<b>Table Fourteen: TDOL Surveyed Average Salaries for the Region</b>				
Position	Entry Level	Mean	Median	Experienced
RN	\$46,246	\$57,282	\$56,767	\$62,800
Lab Tech	\$45,757	\$57,614	\$56,812	\$63,542

Table Fifteen: Parkridge Medical Center Clinical Departments Affected By the Project Current and Projected Clinical Staffing				
Position Type (RN, etc.)	Current FTE's	Year One FTE's	Year Two FTE's	Annual Salary Range
<b>SURGERY DEPARTMENT</b>				
RN	82	83	85	
Coordinator	5	5	5	
Tech	27	28	29	
<b>Total</b>	<b>114</b>	<b>116</b>	<b>119</b>	
<b>IMAGING DEPARTMENT</b>				
RN	1	1	1	
Management	3	3	3	
Tech	30	31	31	
<b>Total</b>	<b>34</b>	<b>35</b>	<b>35</b>	
<b>CARDIAC CATHETERIZATION LABORATORIES</b>				
RN	7	8	9	
Coordinator	1	1	1	
Tech	7	8	9	
<b>Total</b>	<b>15</b>	<b>17.00</b>	<b>19.00</b>	
<b>LABORATORY</b>				
Management	3	3	3	
Tech	18	18	18	
<b>Total</b>	<b>21</b>	<b>21</b>	<b>21</b>	
<b>Total FTE's</b>	<b>184</b>	<b>189</b>	<b>194</b>	

Source:

**C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.**

The expanded hospital is projected to add only five additional RN's and five techs in the affected Departments, over the six-year period from CY2015 to CY2021. This is a minimal recruitment goal can be met easily. TriStar Parkridge Medical Center observes all staffing requirements of the Tennessee Department of Health.

**C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW PPOLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.**

The applicant so verifies.

**C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).**

TriStar Parkridge Medical Center is a clinical rotation site for numerous students in the health professions. The following two pages summarize the programs and the types of students rotating through Parkridge annually.

SCHOOL	FIELD OF STUDY
Appalachian State University	Nutrition and Health Care Management
Belmont University	Occupational Therapy
Belmont University	Pharmacy
Brenau University	Occupational Therapy
Cedar Crest College	Dietetic Internship
Chattanooga State	Human Services
Chattanooga State	Diagnostic Med Sonography
Chattanooga State	Emergency Med Tech/Paramedic
Chattanooga State	Health Information Management
Chattanooga State	Nursing (RN & LPN)
Chattanooga State	Nuclear Medicine Technology
Chattanooga State	Pharmacy Tech
Chattanooga State	Phlebotomy
Chattanooga State	Physical Therapist Assistant
Chattanooga State	Radiation Therapy Technology
Chattanooga State	Radiologic Technology
Chattanooga State	Respiratory Care
Chattanooga State	Surgical Technology
Cleveland State	Nursing
Dalton State College	Respiratory Therapy
Denver School of Nursing	Nursing
Des Moines University	Physical Therapy
East Carolina University	RN to BSN
ETSU	Physical Therapy
GA Health Sciences University	Occupational Therapy
GA Northwestern Technical College	Nursing/Allied Health
Harding University	Pharmacy
Iowa State	Dietetics

Lee University	Nursing
Lipscomb University (with TriStar, not PMCI)	Pharmacy
Loma Linda University	Physical Therapy
Mercer University College of Pharmacy	Pharmacy
Meridian Institute	Surgical Assistant
Metropolitan State University of Denver	BA Therapeutic Recreation
Miller-Motte Technical College	Surgical Tech
Radiological Technologies University	Dosimetry
Regis University	Nursing
Richmont Graduate University	Counseling
South University	Pharmacy
Southern Adventist University	Social Work
Southern Adventist University	Nursing & Psychology
Tennessee State University	PT and OT
Tennessee Technological University (Cookeville)	Dietetics
Tennessee Technology Center (Crossville)	Surgical Techs
University of GA	Pharmacy
University of Tennessee at Chattanooga	Nursing
University of Tennessee at Chattanooga	Occupational Therapy
University of Tennessee at Chattanooga	Physical Therapy
University of Tennessee at Knoxville	Social Work
Virginia College School of Business and Health	Pharmacy Tech
Virginia College School of Business and Health	Occupational Therapy

**C(III).7(a). PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF MENTAL RETARDATION SERVICES, AND/OR ANY APPLICABLE MEDICARE REQUIREMENTS.**

The applicant so verifies.

**C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE APPLICANT HAS RECEIVED OR WILL RECEIVE LICENSURE, CERTIFICATION, AND/OR ACCREDITATION**

**LICENSURE:** Board for Licensure of Healthcare Facilities  
Tennessee Department of Health

**CERTIFICATION:** Medicare Certification from CMS  
TennCare Certification from TDH

**ACCREDITATION:** Joint Commission

**C(III).7(c). IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE CURRENT STANDING WITH ANY LICENSING, CERTIFYING, OR ACCREDITING AGENCY OR AGENCY.**

The applicant is currently licensed in good standing by the Board for Licensing Health Care Facilities, certified for participation in Medicare and Medicaid/TennCare, and fully accredited by the Joint Commission on Accreditation of Healthcare Organizations.

**C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.**

They have been addressed. A copy of the most recent licensure inspection and plan of correction, and/or the most recent accreditation inspection, are provided in Attachment C, Orderly Development--7(C).

**C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.**

None.

**C(III)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.**

None.

**C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.**

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

## **PROOF OF PUBLICATION**

Attached.

## **DEVELOPMENT SCHEDULE**

**1. PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.**

The Project Completion Forecast Chart is provided after this page.

**2. IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.**

Not applicable. The applicant anticipates completing the project within the period of validity.

## PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision Date, as published in Rule 68-11-1609(c):  
June 24, 2015

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

<b>PHASE I (Surgery, Lab, Pharmacy)</b>	<b>DAYS REQUIRED</b>	<b>Anticipated Date (MONTH /YEAR)</b>
1. Architectural & engineering contract signed	186	1-16
2. Construction documents approved by TDH	246	3-16
3. Construction contract signed	256	3-16
4. Building permit secured	286	4-16
5. Site preparation completed	316	5-16
6. Building construction commenced	321	5-16
7. Construction 40% complete	441	9-16
8. Construction 80% complete	501	11-16
9. Construction 100% complete	621	3-17
10. * Issuance of license	na	na
11. *Initiation of service	na	na
12. Final architectural certification of payment	na	na
13. Final Project Report Form (HF0055)	na	na

<b>PHASE II (Cath Lab, 1<sup>st</sup> Floor Addition)</b>	<b>DAYS REQUIRED</b>	<b>Anticipated Date (MONTH /YEAR)</b>
1. Architectural & engineering contract signed	186	1-16
2. Construction documents approved by TDH	246	3-16
3. Construction contract signed	256	3-16
4. Building permit secured	286	4-16
5. Site preparation completed	681	5-17
6. Building construction commenced	711	6-17
7. Construction 40% complete	1041	5-18
8. Construction 80% complete	1251	12-18
9. Construction 100% complete	1371	5-19
10. * Issuance of license	na	na
11. *Initiation of service	na	na
12. Final architectural certification of payment	1461	8-19
13. Final Project Report Form (HF0055)	1491	9-19

## INDEX OF ATTACHMENTS

A.4	Ownership--Legal Entity and Organization Chart (if applicable)
A.6	Site Control
B.II.A.	Square Footage and Costs Per Square Footage Chart
B.III.	Plot Plan
B.IV.	Floor Plan
C, Need--3	Service Area Maps
C, Economic Feasibility--1	Documentation of Construction Cost Estimate
C, Economic Feasibility--2	Documentation of Availability of Funding
C, Economic Feasibility--10	Financial Statements
C, Orderly Development--7(C)	Licensing & Accreditation Inspections
Miscellaneous Information	
Support Letters	

**B.II.A.--Square Footage and Costs Per Square  
Footage Chart**

### **B.III.--Plot Plan**



## **B.IV.--Floor Plan**

# First Floor Plan | Existing

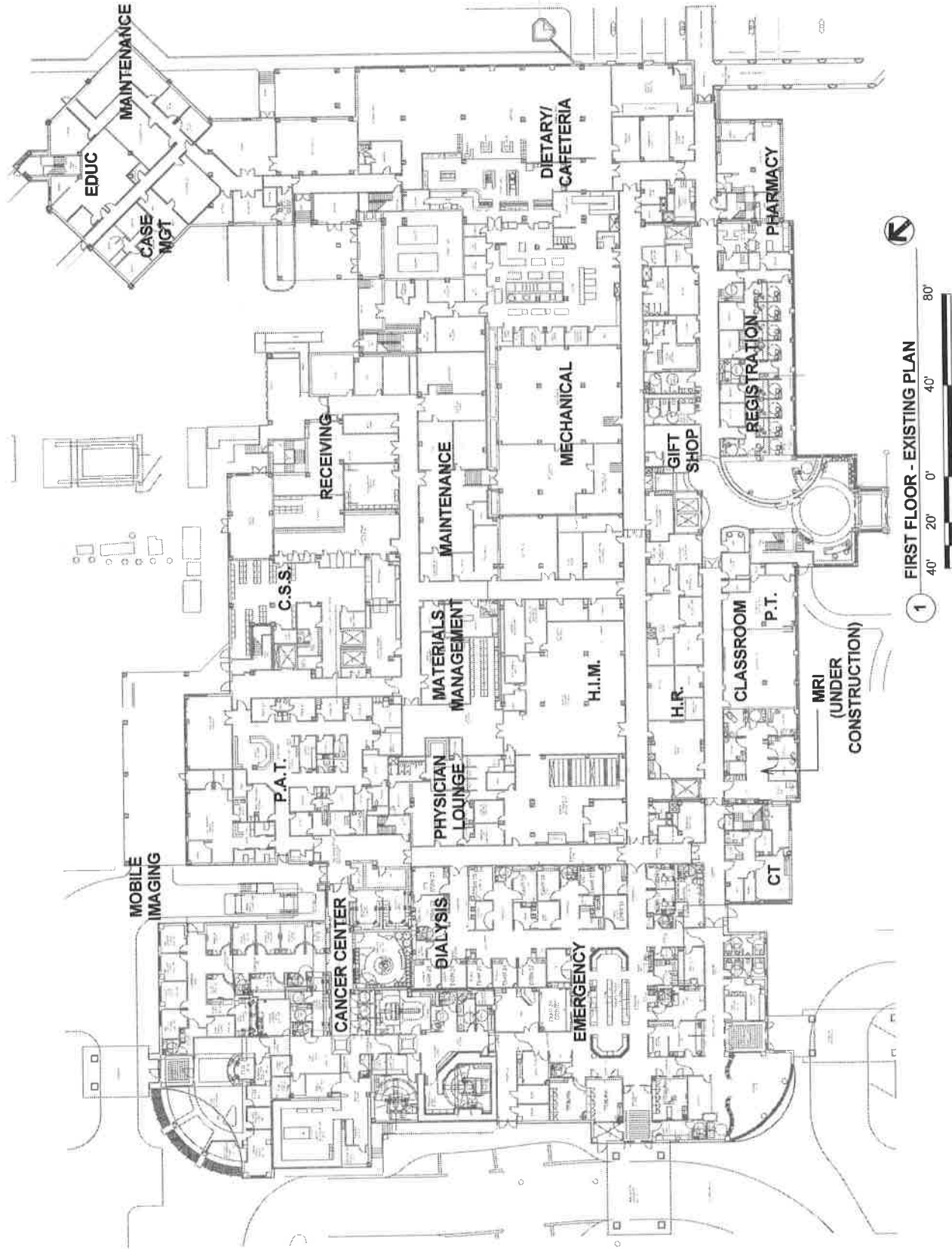
TOWER



PROJECT No.

2004700  
FEBRUARY 10 2015

1 of 11



# First Floor Plan | Proposed

IMAGING



PROJECT No.

20047-03

FEBRUARY 10, 2015

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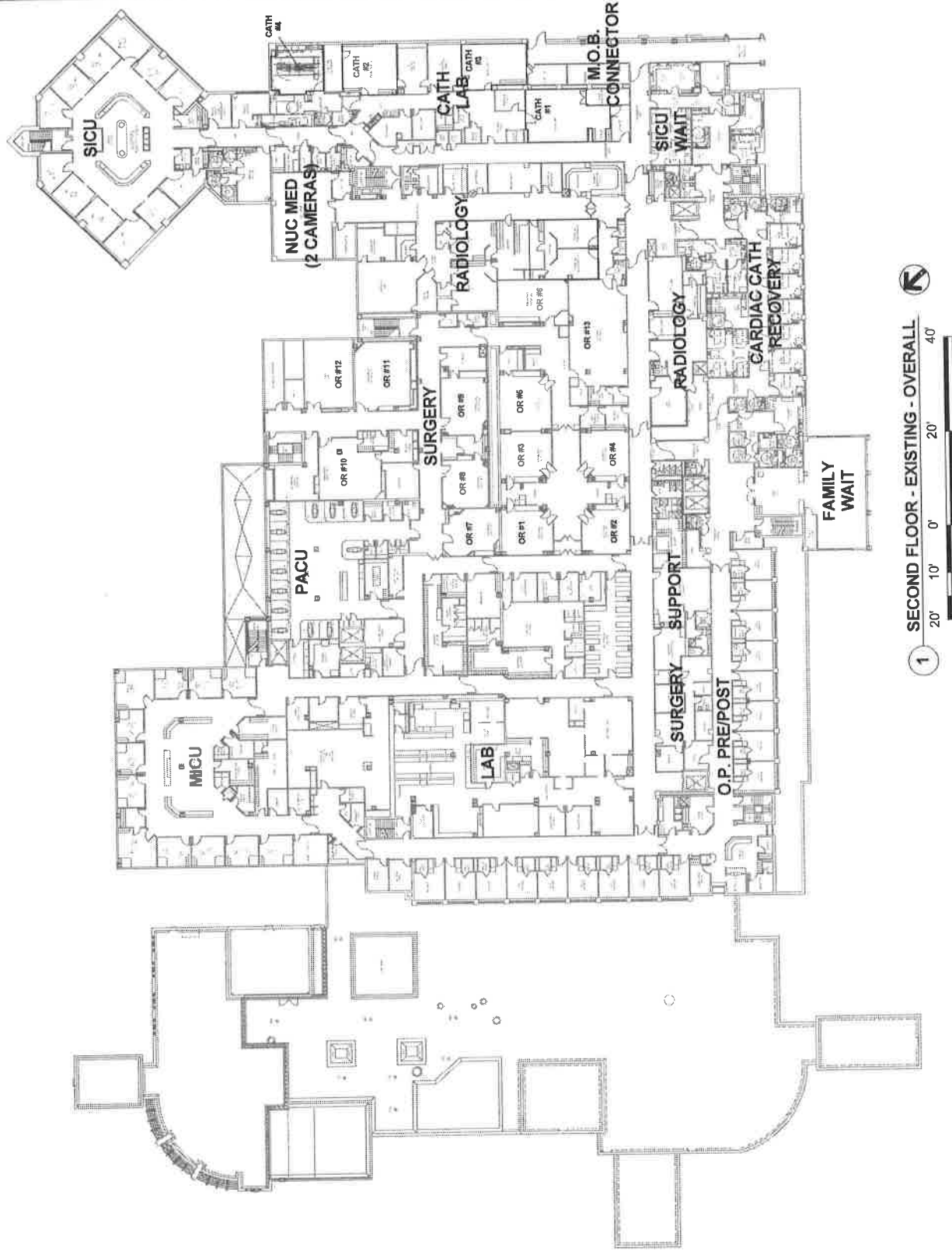
# Second Floor Plan | Existing

TOWER

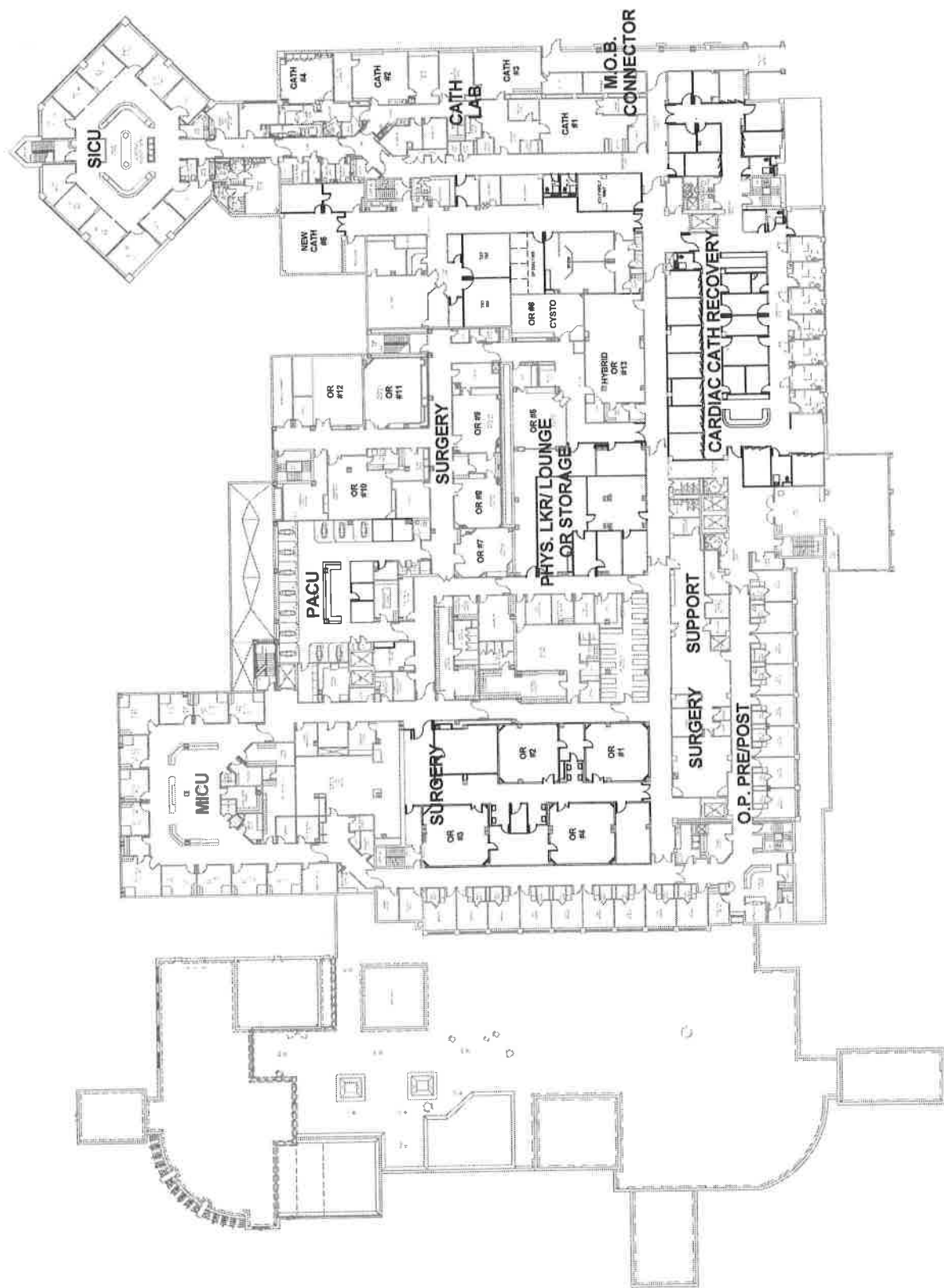


PROJECT No.  
30047.00  
FEBRUARY 10 2015

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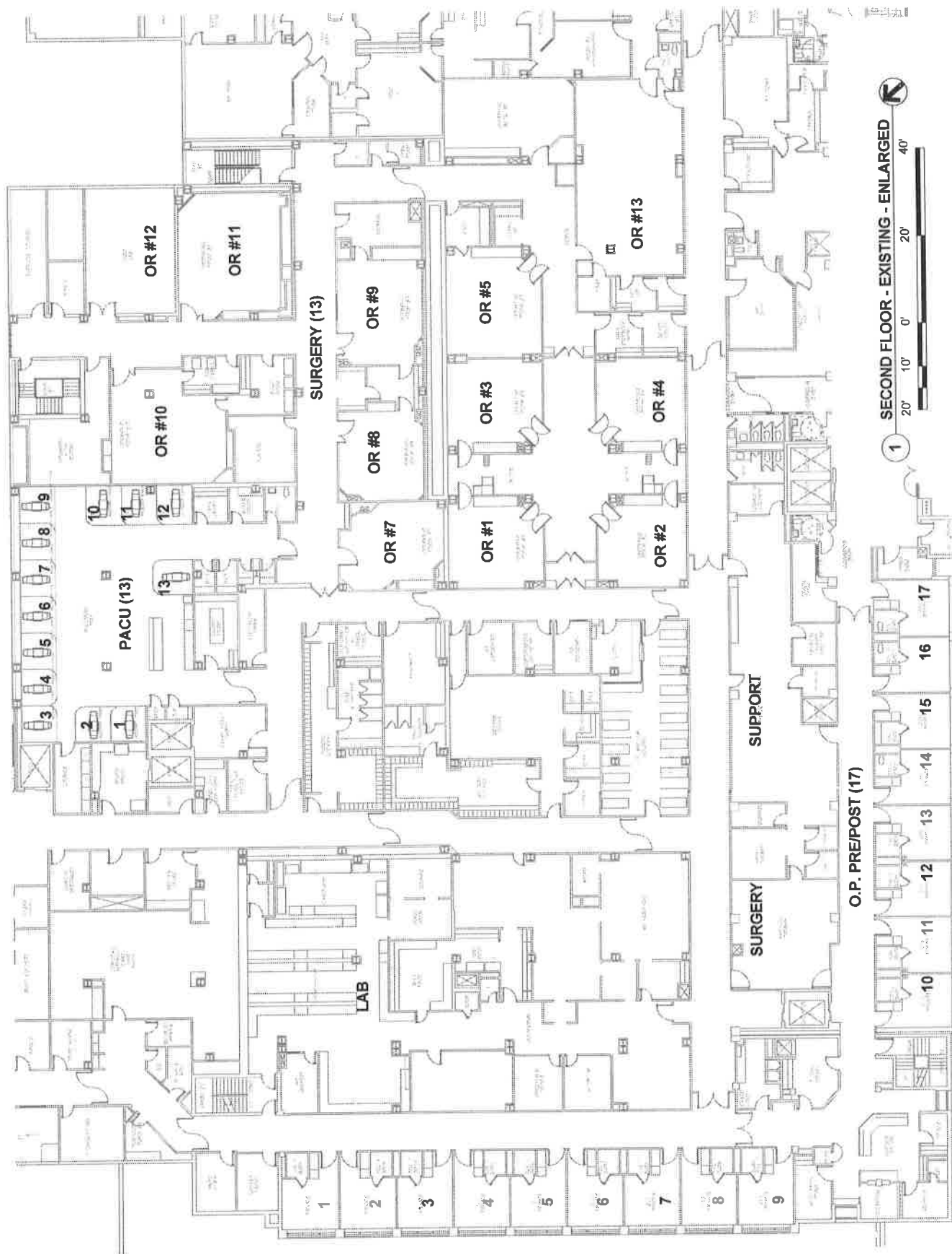


1 SECOND FLOOR - EXISTING - OVERALL



1 SECOND FLOOR - PROPOSED PLAN - OVERALL





# Second Floor Plan | Proposed

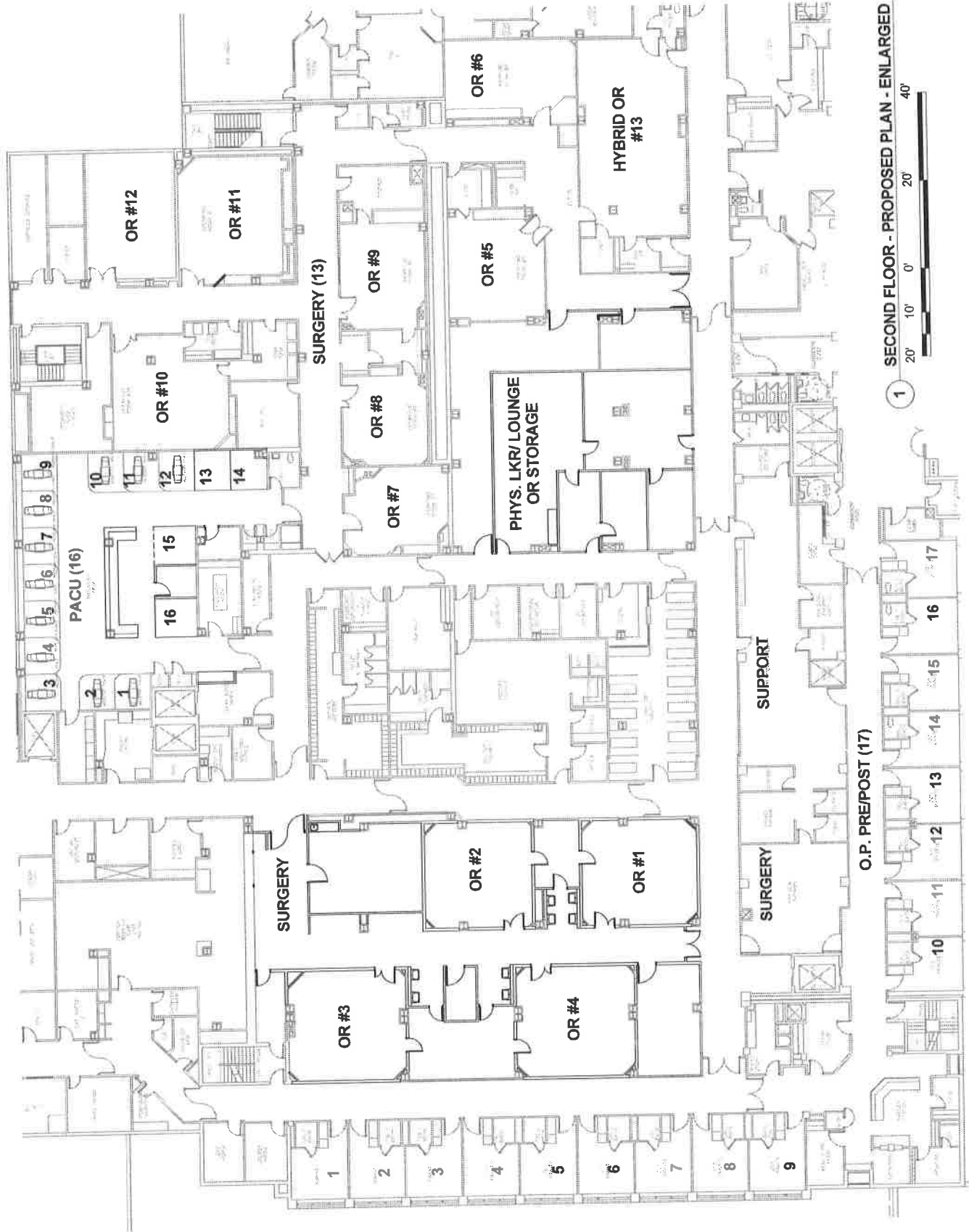
SURGERY



PROJECT No.

20047500  
FEBRUARY 10 2015

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# Second Floor Plan | Proposed

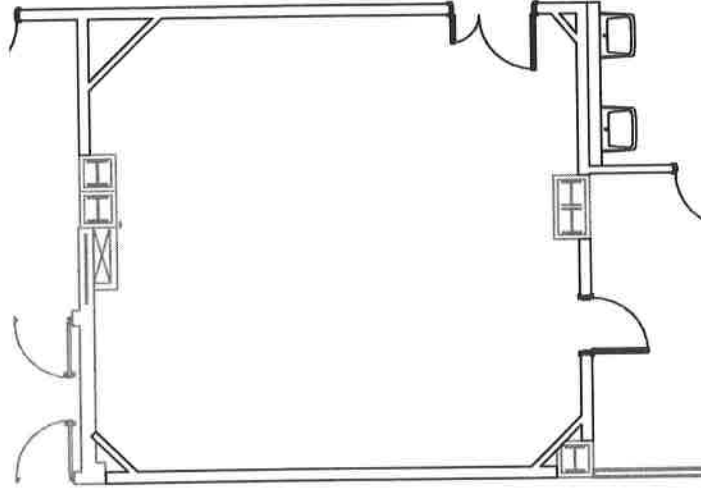
O.R. COMPARISON



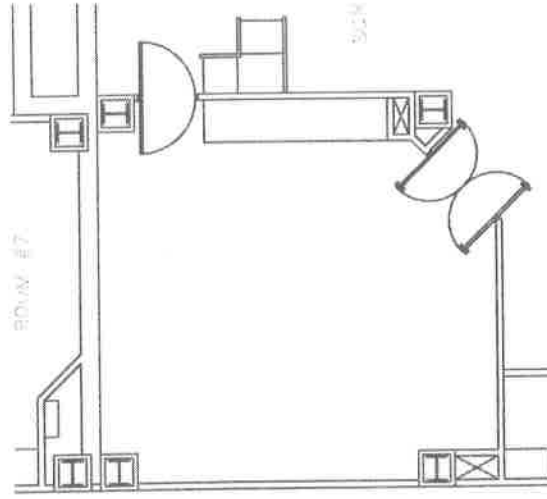
PROJECT No.  
10047200  
FEBRUARY 10, 2015

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NEW O.R.  
625 Square Feet



EXISTING O.R.  
415 Square Feet



# Second Floor Plan | Existing

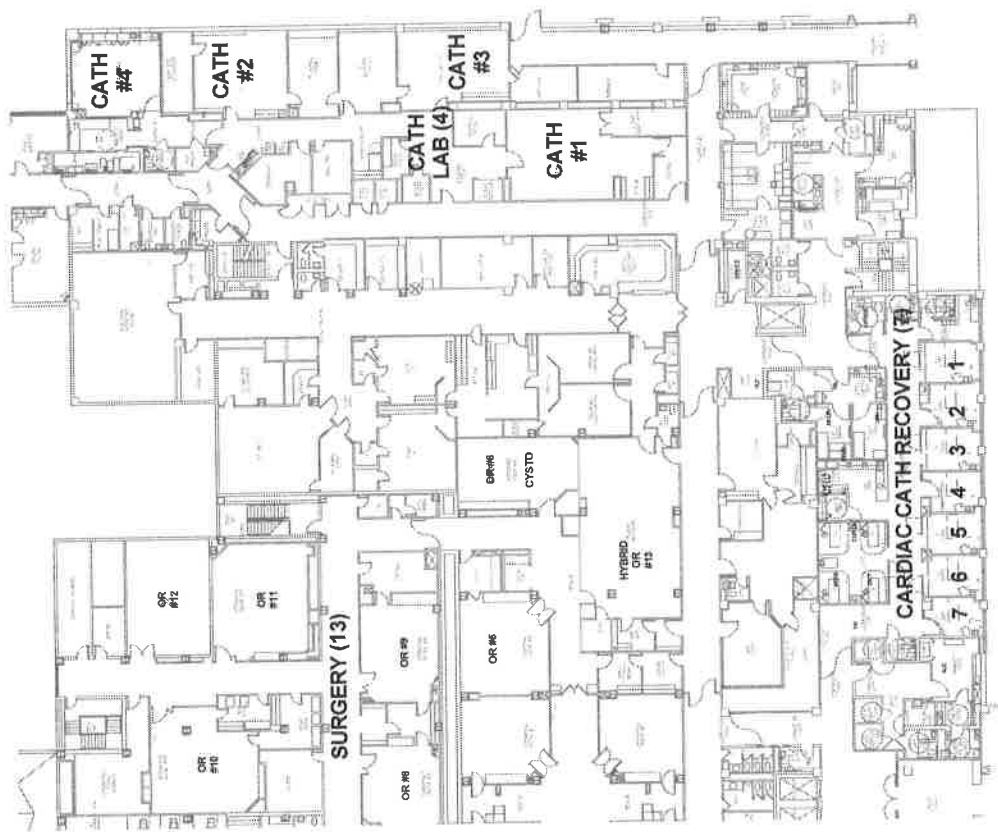
CATH - LAB



PROJECT No.

2017-001  
FEBRUARY 10, 2015

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1 SECOND FLOOR - EXISTING PLAN - CATH

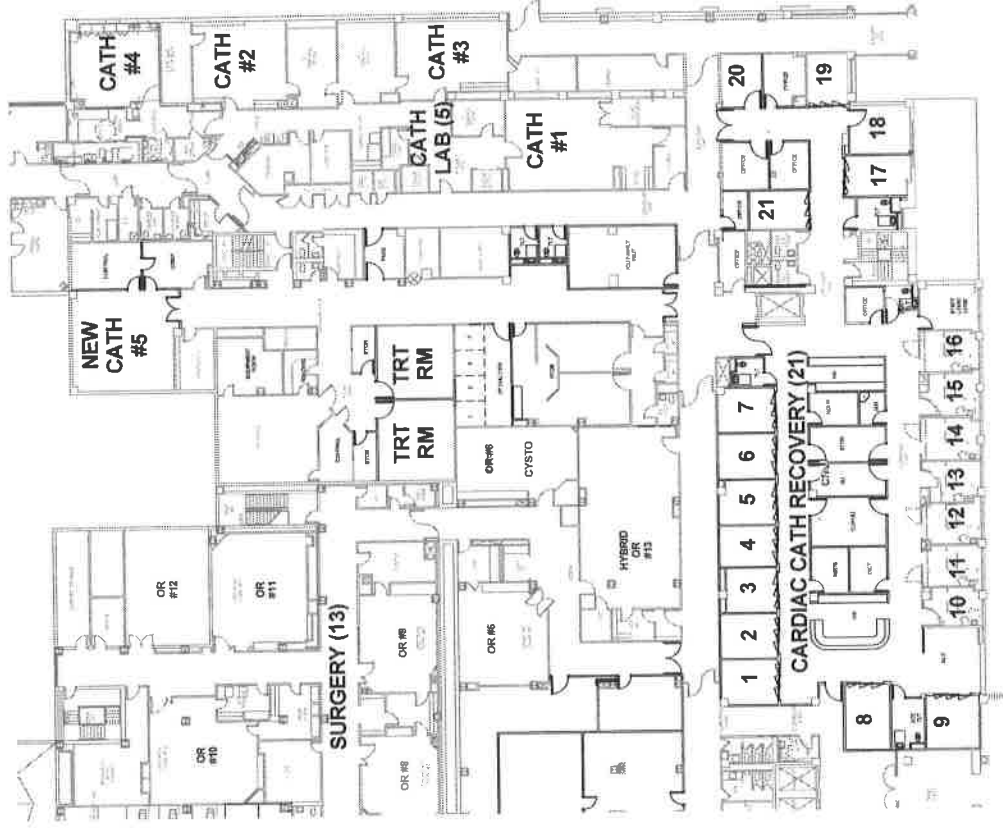


# Second Floor Plan | Proposed

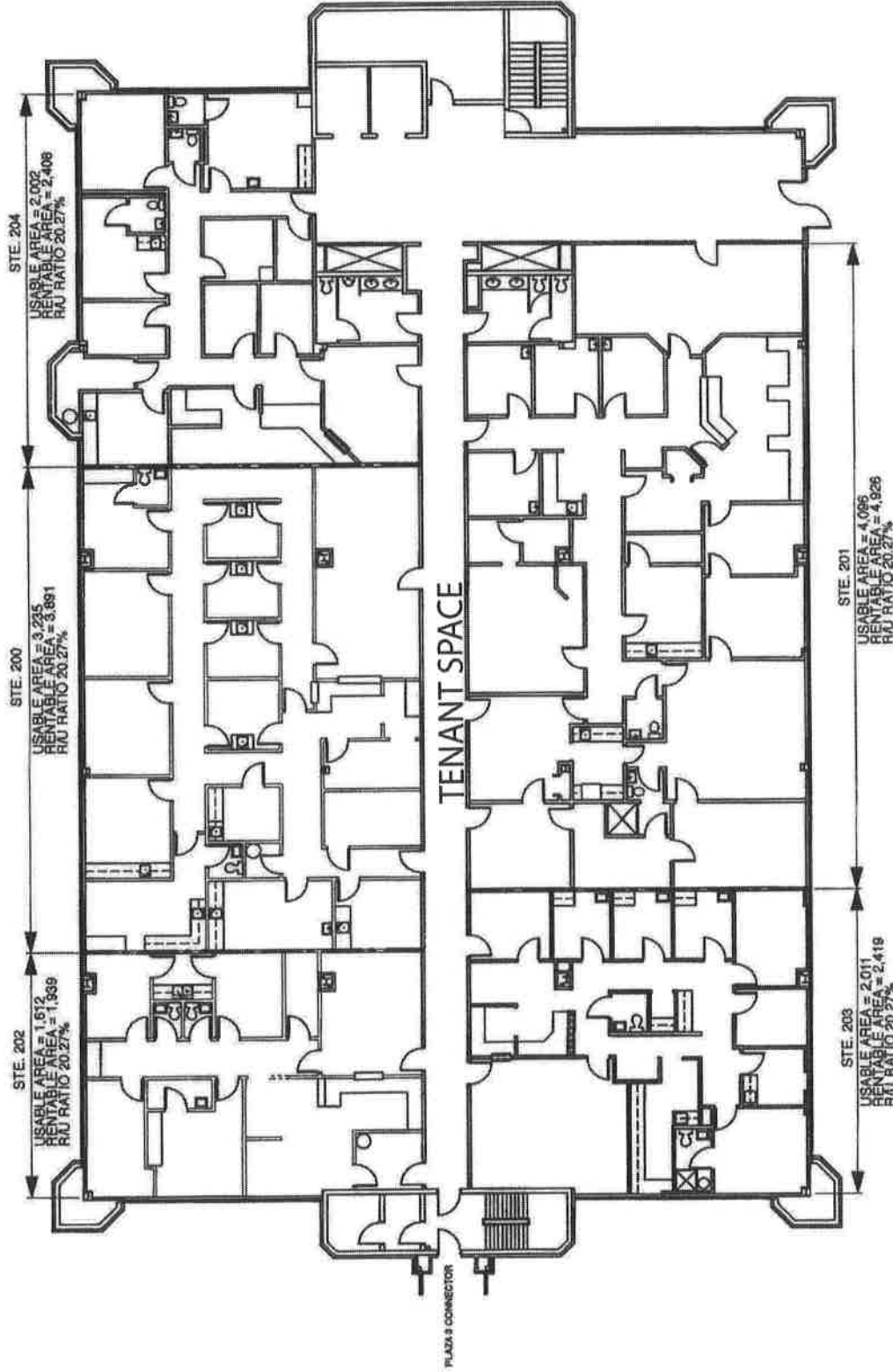
CATH - LAB

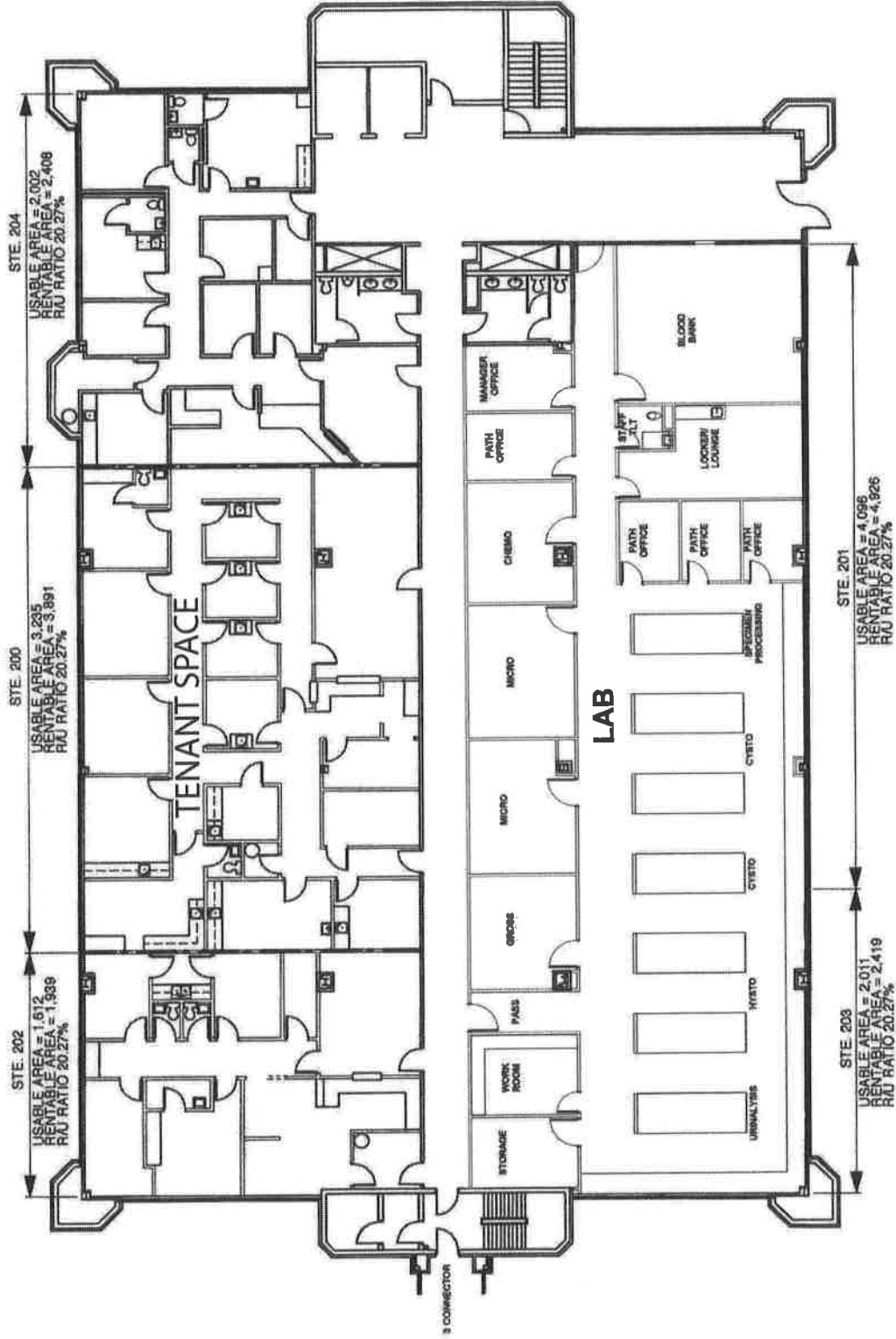


PROJECT No.  
2004700  
FEBRUARY 10 2015



1 SECOND FLOOR - PROPOSED PLAN - CATH

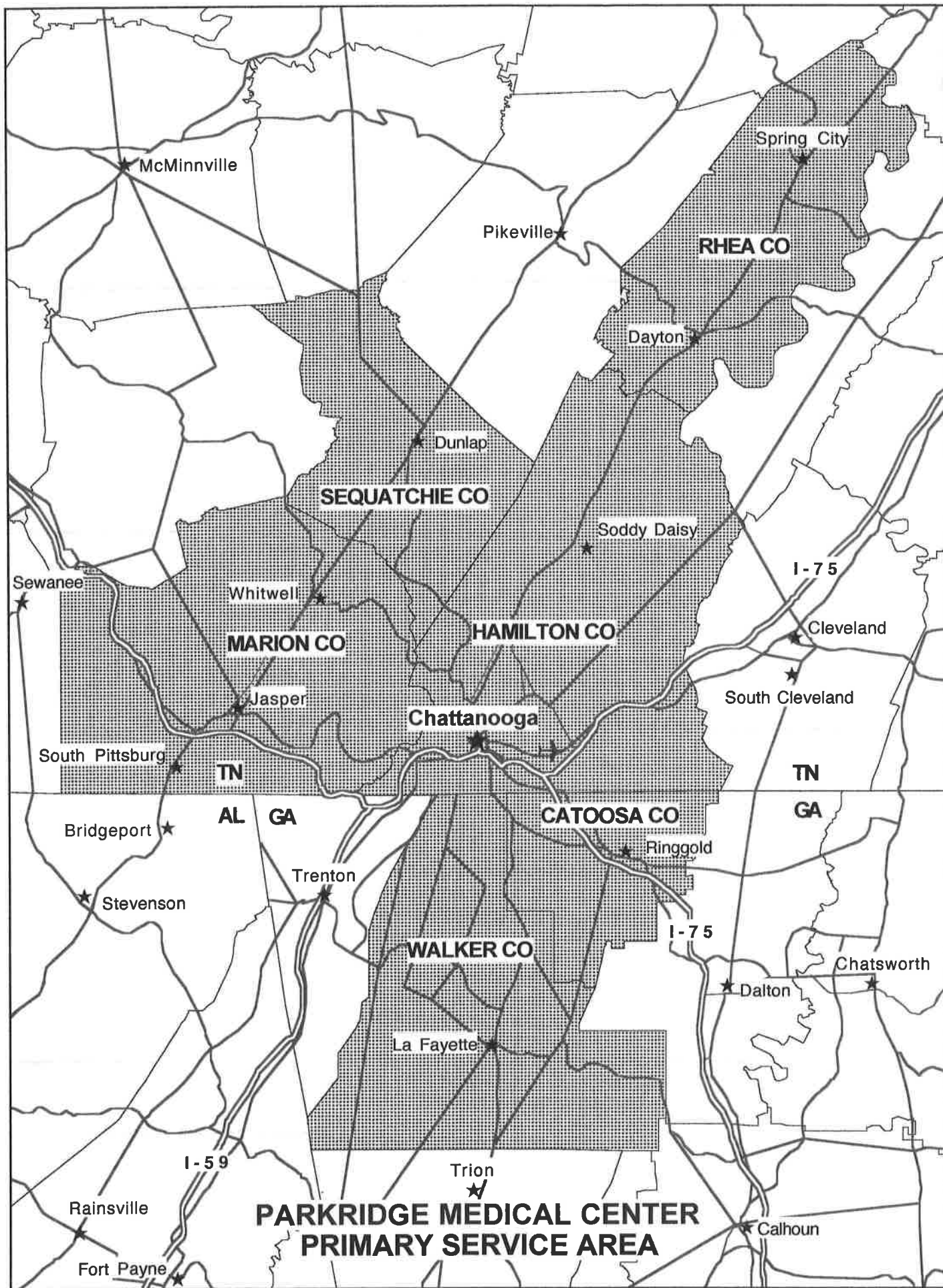


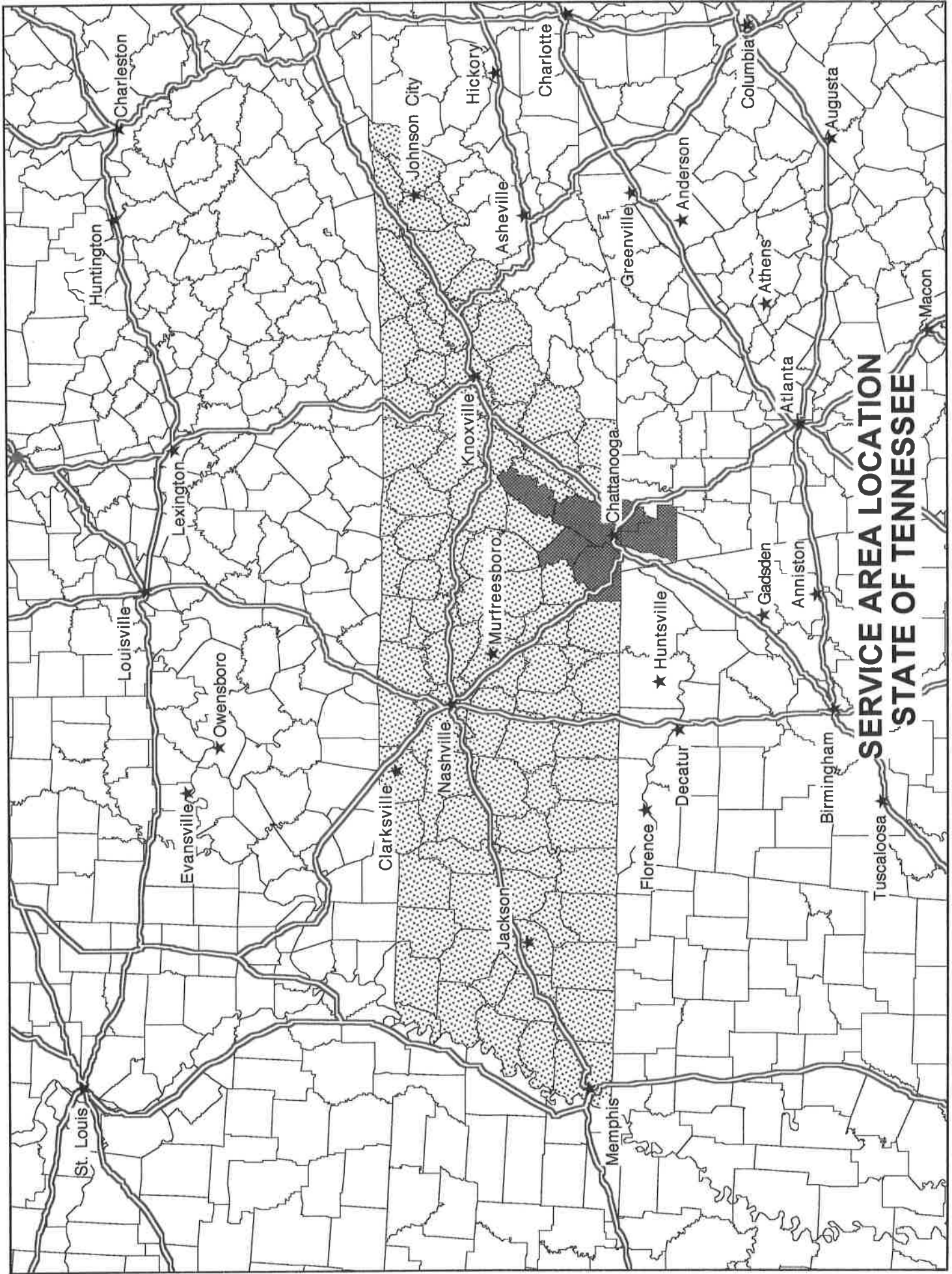


1 SECOND FLOOR - PROPOSED PLAN - MOB



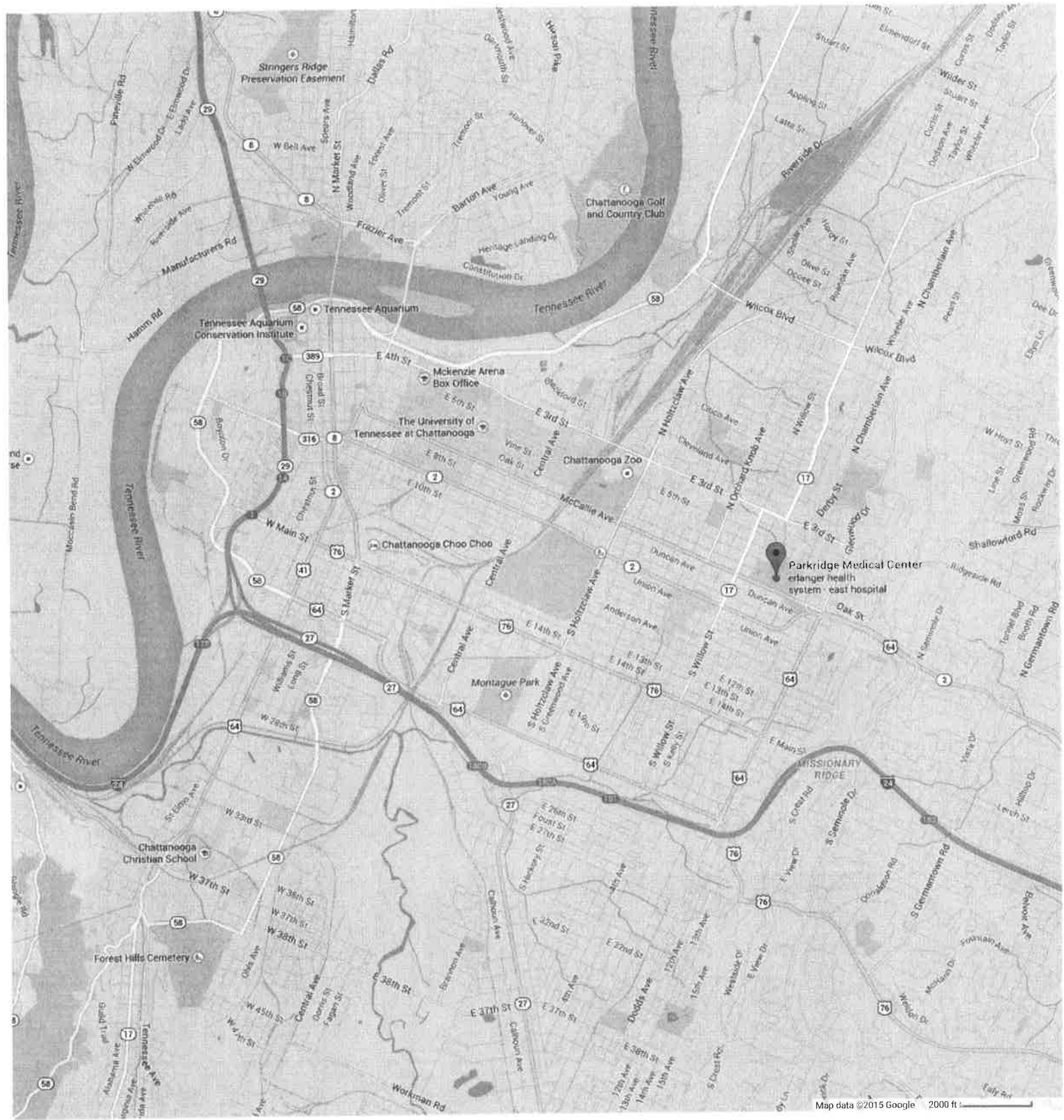
**C, Need--3**  
**Service Area Maps**





**SERVICE AREA LOCATION  
STATE OF TENNESSEE**





**C, Economic Feasibility--1**  
**Documentation of Construction Cost Estimate**



G R E S H A M  
S M I T H   A N D  
P A R T N E R S

March 11, 2015

Mr. Darrell Moore  
Chief Executive Officer  
Parkridge Medical Center  
2333 McCallie Avenue  
Chattanooga, Tennessee 37404

**Subject: Verification of Construction Cost Estimates**  
**Parkridge Medical Center**  
**Chattanooga, Tennessee**  
GS&P Project No. 28047.00 / 00.3

Gresham Smith and Partners, Inc., an architectural/engineering firm in Nashville, Tennessee, has reviewed the cost data provided by HCA for the above referenced project, for which this firm has provided a preliminary design. The stated renovation and new construction cost is \$22,318,710. [In providing opinions of probable construction cost, the Client understands that the Consultant has no control over the cost or availability of labor, equipment or materials, or over market conditions or the Contractor's method of pricing, and that the Consultant's opinions of probable construction costs are made on the basis of the Consultant's professional judgment and experience. The Consultant makes no warranty, express or implied, that the bids or the negotiated cost of the Work will not vary from the Consultant's opinion of probable construction cost.]

It is our opinion that at this time, the projected renovation and new construction cost is reasonable for this type and size of project and compares appropriately with similar projects in this market.

The building codes applicable to this project will be:

International Building Code, 2012  
NFPA 101 Life Safety Code, 2012  
FGI Guidelines for Design & Construction of Healthcare Facilities, 2010  
ANSI A-117.1, 2003

Sincerely,

Kenneth A. Priest, AIA, NCARB, LEED AP  
License No. 16010

bma

Design Services For The Built Environment

**C, Economic Feasibility--2**  
**Documentation of Availability of Funding**

March 9, 2015

Melanie M. Hill, Executive Director  
Tennessee Health Services and Development Agency  
Andrew Jackson State Office Building, 9<sup>th</sup> Floor  
500 Deaderick Street  
Nashville, Tennessee 37243

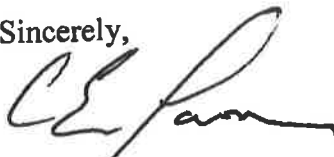
RE: CON Application for Parkridge Medical Center  
Chattanooga, Hamilton County

Dear Mrs. Hill:

Parkridge Medical Center is applying for a Certificate of Need to renovate and expand patient care and support services Departments at its main campus on McCallie Avenue in Chattanooga.

As Chief Financial Officer of the TriStar Health System, the HCA Division office to which this facility belongs, I am writing to confirm that our parent company HCA Holdings, Inc. will provide through TriStar the approximately \$61,500,000 required to implement this project. HCA Inc.'s financial statements are provided in the application.

Sincerely,



C. Eric Lawson  
Chief Financial Officer  
TriStar Division of HCA

**C, Economic Feasibility--10**  
**Financial Statements**

Net income	<b>611</b>	<b>6.6</b>	467	5.5
Net income attributable to noncontrolling interests	<b>93</b>	<b>1.0</b>	102	1.2
Net income attributable to HCA Holdings, Inc.	<b>\$518</b>	<b>5.6</b>	\$365	4.3
Diluted earnings per share	<b>\$1.16</b>		\$0.79	
Shares used in computing diluted earnings per share (000)	<b>447,260</b>		463,569	
Comprehensive income attributable to HCA Holdings, Inc.	<b>\$511</b>		\$417	

**HCA Holdings, Inc.**  
**Condensed Consolidated Comprehensive Income Statements**  
**For the Nine Months Ended September 30, 2014 and 2013**  
(Dollars in millions, except per share amounts)

	<b>2014</b>		<b>2013</b>	
	<b>Amount</b>	<b>Ratio</b>	<b>Amount</b>	<b>Ratio</b>
Revenues before provision for doubtful accounts	<b>\$29,619</b>		\$28,078	
Provision for doubtful accounts	<b>2,337</b>		2,732	
Revenues	<b>27,282</b>	<b>100.0 %</b>	25,346	100.0 %
Salaries and benefits	<b>12,359</b>	<b>45.3</b>	11,681	46.1
Supplies	<b>4,603</b>	<b>16.9</b>	4,406	17.4
Other operating expenses	<b>4,977</b>	<b>18.2</b>	4,594	18.1
Electronic health record incentive income	<b>(97)</b>	<b>(0.4)</b>	(166)	(0.7)
Equity in earnings of affiliates	<b>(32)</b>	<b>(0.1)</b>	(29)	(0.1)
Depreciation and amortization	<b>1,361</b>	<b>5.1</b>	1,292	5.0
Interest expense	<b>1,314</b>	<b>4.8</b>	1,392	5.5
Losses (gains) on sales of facilities	<b>(20)</b>	<b>(0.1)</b>	13	0.1
Losses on retirement of debt	<b>226</b>	<b>0.8</b>	17	0.1
Legal claim costs	<b>78</b>	<b>0.3</b>	-	-
	<b>24,769</b>	<b>90.8</b>	23,200	91.5
Income before income taxes	<b>2,513</b>	<b>9.2</b>	2,146	8.5
Provision for income taxes	<b>816</b>	<b>3.0</b>	704	2.8
Net income	<b>1,697</b>	<b>6.2</b>	1,442	5.7
Net income attributable to noncontrolling interests	<b>349</b>	<b>1.3</b>	310	1.2
Net income attributable to HCA Holdings, Inc.	<b>\$1,348</b>	<b>4.9</b>	\$1,132	4.5
Diluted earnings per share	<b>\$2.98</b>		\$2.44	
Shares used in computing diluted earnings per share (000)	<b>452,538</b>		463,051	
Comprehensive income attributable to HCA Holdings, Inc.	<b>\$1,399</b>		\$1,215	

**HCA Holdings, Inc.**  
**Supplemental Non-GAAP Disclosures**  
**Operating Results Summary**  
(Dollars in millions, except per share amounts)

	Third Quarter		For the Nine Months Ended September 30,	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues	\$9,220	\$8,456	\$27,282	\$ 25,346
Net income attributable to HCA Holdings, Inc.	\$518	\$365	\$1,348	\$ 1,132
Losses (gains) on sales of facilities (net of tax)	9	1	(11)	9
Losses on retirement of debt (net of tax)	-	-	143	11
Legal claim costs (net of tax)	-	-	49	-
Net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, losses on retirement of debt and legal claim costs (a)	527	366	1,529	1,152
Depreciation and amortization	460	443	1,361	1,292
Interest expense	427	458	1,314	1,392
Provision for income taxes	321	234	919	714
Net income attributable to noncontrolling interests	93	102	349	310
Adjusted EBITDA (a)	<u>\$1,828</u>	<u>\$1,603</u>	<u>\$5,472</u>	<u>\$ 4,860</u>
Diluted earnings per share:				
Net income attributable to HCA Holdings, Inc.	\$1.16	\$0.79	\$2.98	\$ 2.44
Losses (gains) on sales of facilities	0.02	-	(0.03)	0.02
Losses on retirement of debt	-	-	0.32	0.02
Legal claim costs	-	-	0.11	-
Net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, losses on retirement of debt and legal claim costs(a)	<u>\$1.18</u>	<u>\$0.79</u>	<u>\$3.38</u>	<u>\$ 2.48</u>
Shares used in computing diluted earnings per share (000)	447,260	463,569	452,538	463,051

(a) Net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, losses on retirement of debt and legal claim costs, and Adjusted EBITDA should not be considered as measures of financial performance under generally accepted accounting principles ("GAAP"). We believe net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, losses on retirement of debt and legal claim costs, and Adjusted EBITDA are important measures that supplement discussions and analysis of our results of operations. We believe it is useful to investors to provide disclosures of our results of operations on the same basis used by management. Management relies upon net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, losses on retirement of debt and legal claim costs, and Adjusted EBITDA as the primary measures to review and assess operating performance of its hospital facilities and their management teams.

Management and investors review both the overall performance (including net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, losses on retirement of debt and legal claim costs, and GAAP net income attributable to HCA

Holdings, Inc.) and operating performance (Adjusted EBITDA) of our health care facilities. Adjusted EBITDA and the Adjusted EBITDA margin (Adjusted EBITDA divided by revenues) are utilized by management and investors to compare our current operating results with the corresponding periods during the previous year and to compare our operating results with other companies in the health care industry. It is reasonable to expect that losses (gains) on sales of facilities, losses on retirement of debt and legal claim costs will occur in future periods, but the amounts recognized can vary significantly from period to period, do not directly relate to the ongoing operations of our health care facilities and complicate period comparisons of our results of operations and operations comparisons with other health care companies.

Net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, losses on retirement of debt and legal claim costs, and Adjusted EBITDA are not measures of financial performance under GAAP, and should not be considered as alternatives to net income attributable to HCA Holdings, Inc. as a measure of operating performance or cash flows from operating, investing and financing activities as a measure of liquidity. Because net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, losses on retirement of debt and legal claim costs, and Adjusted EBITDA are not measurements determined in accordance with GAAP and are susceptible to varying calculations, net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, losses on retirement of debt and legal claim costs, and Adjusted EBITDA, as presented, may not be comparable to other similarly titled measures presented by other companies.

**HCA Holdings, Inc.**  
**Condensed Consolidated Balance Sheets**  
**(Dollars in millions)**

	September 30, 2014	June 30, 2014	December 31, 2013
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$515	\$658	\$414
Accounts receivable, net	5,524	5,472	5,208
Inventories	1,258	1,211	1,179
Deferred income taxes	320	500	489
Other	910	931	747
Total current assets	8,527	8,772	8,037
Property and equipment, at cost	32,301	31,841	31,073
Accumulated depreciation	(18,423)	(18,120)	(17,454)
	13,878	13,721	13,619
Investments of insurance subsidiaries	441	426	448
Investments in and advances to affiliates	167	150	121
Goodwill and other intangible assets	5,899	5,909	5,903
Deferred loan costs	221	230	237
Other	692	614	466
	<u>\$29,825</u>	<u>\$29,822</u>	<u>\$28,831</u>

**LIABILITIES AND STOCKHOLDERS'**  
**DEFICIT**

Current liabilities:

Accounts payable	\$1,787	\$1,717	\$1,803
Accrued salaries	1,238	1,140	1,193
Other accrued expenses	1,563	1,992	1,913
Long-term debt due within one year	1,044	1,046	786
Total current liabilities	<u>5,632</u>	<u>5,895</u>	<u>5,695</u>
Long-term debt	27,426	27,942	27,590
Professional liability risks	1,045	1,019	949
Income taxes and other liabilities	1,740	1,554	1,525
<b>EQUITY (DEFICIT)</b>			
Stockholders' deficit attributable to HCA Holdings, Inc.	(7,384)	(7,990)	(8,270)
Noncontrolling interests	1,366	1,402	1,342
Total deficit	<u>(6,018)</u>	<u>(6,588)</u>	<u>(6,928)</u>
	<u>\$29,825</u>	<u>\$29,822</u>	<u>\$28,831</u>

**HCA Holdings, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**For the Nine Months Ended September 30, 2014 and 2013**  
**(Dollars in millions)**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Net income	\$1,697	\$1,442
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in operating assets and liabilities	(2,945)	(3,319)
Provision for doubtful accounts	2,337	2,732
Depreciation and amortization	1,361	1,292
Income taxes	(61)	158
Losses (gains) sales of facilities	(20)	13
Loss on retirement of debt	226	17
Legal claim costs	78	-
Amortization of deferred loan costs	33	41
Share-based compensation	118	81
Other	(3)	(3)
Net cash provided by operating activities	<u>2,821</u>	<u>2,454</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,482)	(1,347)
Acquisition of hospitals and health care entities	(97)	(463)
Disposition of hospitals and health care entities	38	31
Change in investments	22	97
Other	7	8
Net cash used in investing activities	<u>(1,512)</u>	<u>(1,674)</u>
Cash flows from financing activities:		
Issuance of long-term debt	3,502	-
Net change in revolving credit facilities	(160)	630
Repayment of long-term debt	(3,525)	(1,300)
Distributions to noncontrolling interests	(325)	(308)
Payment of debt issuance costs	(49)	(5)
Repurchase of common stock	(750)	-

## Financial Statements - Balance Sheet

All Entities

Report ID: ALCFS010

Month				Year to Date		
Begin	Change	Ending		Begin	Change	Ending
			CURRENT ASSETS			
-350,164	89,965	-260,199	Cash & Cash Equivalents	2,798	-262,997	-260,199
			Marketable Securities			
			PATIENT ACCOUNTS RECEIVABLES			
22,793,197	-4,687,548	18,105,649	Patient Receivables	22,472,661	-4,367,012	18,105,649
			Less Allow for Govt Receivables			
-19,887,937	1,270,532	-18,617,405	Less Allow - Bad Debt	-22,180,710	3,563,305	-18,617,405
2,905,260	-3,417,016	-511,756	Net Patient Receivables	291,951	-803,707	-511,756
			FINAL SETTLEMENTS			
222,186	0	222,186	Due to/from Govt Programs	771,793	-549,607	222,186
			Allowances Due Govt Programs			
222,186	0	222,186	Net Final Settlements	771,793	-549,607	222,186
			Net Accounts Receivables	1,063,744	-1,353,314	-289,570
3,127,446	-3,417,016	-289,570	Inventories	7,125,168	352,825	7,477,993
7,338,384	139,609	7,477,993	Prepaid Expenses	542,782	2,208,556	2,751,338
415,247	2,336,091	2,751,338	Other Receivables	12,992	15,691	28,683
41,838	-13,155	28,683	Total Current Assets	8,747,484	960,761	9,708,245
10,572,751	-864,506	9,708,245	PROPERTY, PLANT & EQUIPMENT			
			Land	6,462,631	0	6,462,631
6,462,631	0	6,462,631	Bldgs & Improvements	37,804,273	553,654	38,357,927
38,357,927	0	38,357,927	Equipment - Owned	99,795,958	3,932,821	103,728,779
102,825,394	903,385	103,728,779	Equipment - Capital Leases	689,549	899,943	1,589,492
2,279,041	-689,549	1,589,492	Construction in Progress		11,034	11,034
1,025	10,009	11,034	Gross PP&E	144,752,411	5,397,452	150,149,863
149,926,018	223,845	150,149,863	Less Accumulated Depreciation	-106,805,968	-3,811,517	-110,617,485
-110,790,165	172,680	-110,617,485	Net PP&E	37,946,443	1,585,935	39,532,378
39,135,853	396,525	39,532,378	OTHER ASSETS			
			Investments			
0	0	0	Notes Receivable	0	0	0
12,199,885	0	12,199,885	Intangible Assets - Net	12,199,885	0	12,199,885
			Investments In Subsidiaries			
			Other Assets			
12,199,885	0	12,199,885	Total Other Assets	12,199,885	0	12,199,885
			Grand Total Assets	58,893,812	2,546,696	61,440,508
			CURRENT LIABILITIES			
6,004,201	-1,841,579	4,162,622	Accounts Payable	4,904,442	-741,709	4,162,733
4,241,869	165,812	4,407,681	Accrued Salaries	4,251,145	156,536	4,407,681
1,013,476	75,860	1,089,336	Accrued Expenses	1,058,412	30,924	1,089,336
			Accrued Interest			
			Distributions Payable			
300,056	1,109	301,165	Curr Port - Long Term Debt	114,171	186,994	301,165
			Other Current Liabilities			
			Income Taxes Payable			
11,559,602	-1,598,798	9,960,804	Total Current Liabilities	10,328,170	-367,255	9,960,915
			LONG TERM DEBT			
1,249,478	-23,480	1,225,998	Capitalized Leases	34,753	1,191,245	1,225,998
-169,028,449	-2,750,044	-171,778,493	Inter/Intra Company Debt	-153,706,580	-18,071,913	-171,778,493
			Other Long Term Debts			
-167,778,971	-2,773,524	-170,552,495	Total Long Term Debts	-153,671,827	-16,880,668	-170,552,495
			DEFERRED CREDITS AND OTHER LIAB			
			Professional Liab Risk			
			Deferred Incomes Taxes			
78,770	2,598	81,368	Long-Term Obligations	101,121	-19,753	81,368
78,770	2,598	81,368	Total Other Liabilities & Def	101,121	-19,753	81,368
			EQUITY			
2,000	0	2,000	Common Stock - par value	2,000	0	2,000
6,593,334	0	6,593,334	Capital In Excess of par value	6,593,334	0	6,593,334
178,263,613	0	178,263,613	Retained Earnings - current yr	215,355,387	0	215,355,387
33,190,141	3,901,743	37,091,884	Net Income Current Year			
			Distributions			
			Other Equity			
218,049,088	3,901,743	221,950,831	Total Equity	202,136,348	19,814,372	221,950,720
			Total Liabilities and Equity	58,893,812	2,546,696	61,440,508
61,908,489	-467,981	61,440,508				

## Z00031 - Parkridge Medical Center

Dec - 2014

2/13/2015 01:12:20 PM

All Entities

Report ID: ALCFS008

## Financial Statements - Income Statement

Month							All Department Num	Year to Date						
Actual	Budget	Bud Var	Var %	Prior Year	PY Var	Var %		Actual	Budget	Bud Var	Var %	Prior Year	PY Var	Var %
							REVENUES							
7,409	5,792	1,617	27.91%	5,476	1,934	35.31%	Inpatient Revenue Routine Services	73,583	74,588	(1,005)	-1.35%	70,453	3,129	4.44%
39,648	44,202	(4,554)	-10.30%	35,764	3,884	10.86%	Inpatient Revenue Ancillary Services	437,156	469,061	(31,906)	-6.80%	425,031	12,125	2.85%
47,057	49,994	(2,937)	-5.87%	41,239	5,818	14.11%	Inpatient Gross Revenue	510,738	543,650	(32,911)	-6.05%	495,484	15,254	3.08%
37,246	39,545	(2,299)	-5.81%	34,271	2,975	8.68%	Outpatient Gross Revenue	414,498	412,817	1,582	0.38%	386,774	27,725	7.17%
84,304	89,539	(5,236)	-5.85%	75,511	8,793	11.64%	Total Patient Revenue	925,237	956,566	(31,329)	-3.28%	882,258	42,979	4.87%
45	40	5	12.68%	39	6	15.50%	Other Revenue	622	663	(42)	-6.29%	647	(26)	-3.95%
84,348	89,579	(5,231)	-5.84%	75,549	8,799	11.65%	Gross Revenue	925,859	957,229	(31,371)	-3.28%	882,905	42,954	4.87%
							DEDUCTIONS							
28,103	31,868	(3,764)	-11.81%	23,202	4,901	21.12%	Total CY CA - Medicare (1,2)	315,844	334,962	(19,118)	-5.71%	303,531	12,313	4.06%
892	477	414	86.80%	(128)	1,020	796.55%	Total CY CA - Medicaid (3)	9,020	7,547	1,473	19.51%	7,047	1,972	27.99%
262	486	(224)	-46.06%	512	(250)	-48.77%	Total CY CA - Champus (6)	4,156	5,422	(1,266)	-23.34%	4,916	(760)	-15.45%
				(4)	4	100.00%	Prior Year Contractuals	(3,447)	(5,167)	1,720	33.29%	(6,095)	2,649	43.46%
34,725	33,963	761	2.24%	27,914	6,811	24.40%	Total CY CA - Mgd Care (7,8,9,12,13,14)	347,423	359,891	(12,468)	-3.46%	317,823	29,601	9.31%
379	588	(209)	-35.54%	(129)	508	394.73%	Charity	4,050	6,282	(2,232)	-35.53%	5,411	(1,361)	-25.15%
(18)	1,871	(1,869)	-100.97%	2,715	(2,734)	-100.87%	Bad Debt	9,142	17,930	(8,788)	-49.01%	16,869	(7,727)	-45.81%
4,579	4,123	455	11.04%	5,092	(513)	-10.07%	Other Deductions	59,691	43,552	16,139	37.08%	40,331	19,360	48.00%
68,922	73,378	(4,456)	-6.07%	59,174	9,747	16.47%	Total Revenue Deductions (Incl Bad Debt)	745,880	770,419	(24,539)	-3.19%	689,832	56,048	8.12%
15,427	16,202	(775)	-4.78%	16,375	(948)	-5.79%	Cash Revenue	179,979	186,810	(6,831)	-3.66%	193,073	(13,094)	-6.78%
							OPERATING EXPENSES							
3,790	3,664	127	3.45%	3,740	50	1.34%	Salaries and Wages	45,741	46,028	(287)	-0.62%	45,848	(106)	-0.23%
240	228	13	5.55%	205	35	17.22%	Contract Labor	2,616	2,699	(83)	-3.08%	2,615	1	0.04%
874	1,053	(179)	-16.96%	844	31	3.63%	Employee Benefits	12,339	13,246	(907)	-6.85%	13,461	(1,122)	-8.34%
3,505	4,197	(692)	-16.48%	4,332	(827)	-19.09%	Supply Expense	43,942	47,436	(3,494)	-7.37%	46,535	(2,594)	-5.57%
270	198	72	36.21%	101	168	165.78%	Professional Fees	1,966	2,220	(254)	-11.42%	1,825	142	7.78%
1,136	1,264	(129)	-10.18%	1,260	(125)	-9.91%	Contract Services	14,636	15,369	(732)	-4.77%	15,279	(643)	-4.21%
379	316	63	20.00%	379	1	0.23%	Repairs and Maintenance	4,157	3,771	386	10.23%	3,881	276	7.12%
37	63	(26)	-41.07%	62	(25)	-40.03%	Rents and Leases	577	756	(180)	-23.74%	759	(182)	-23.98%
146	135	11	8.05%	143	3	2.33%	Utilities	2,017	1,853	165	8.89%	1,834	183	9.99%
(103)	(123)	20	16.07%	(152)	49	32.15%	Insurance	1,429	1,409	20	1.40%	1,335	94	7.06%
66	70	(4)	-5.94%	64	1	2.21%	Investment Income							
179	224	(46)	-20.31%	264	(86)	-32.39%	Non-Income Taxes	788	838	(50)	-5.94%	777	11	1.43%
10,519	11,289	(770)	-6.82%	11,242	(723)	-6.44%	Other Operating Expense	2,127	2,853	(725)	-25.43%	2,298	(170)	-7.41%
4,908	4,913	(5)	-0.11%	5,132	(225)	-4.38%	Cash Expense	132,336	138,478	(6,142)	-4.44%	136,446	(4,110)	-3.01%
							EBITDA	47,643	48,332	(689)	-1.43%	56,627	(8,984)	-15.87%
							CAPITAL AND OTHER COSTS							
526	455	71	15.67%	466	60	12.82%	Depreciation & Amortization	5,547	5,553	(6)	-0.10%	5,437	111	2.04%
(730)	(591)	(139)	-23.49%	(644)	(86)	-13.38%	Other Non-Operating Expenses	(7,971)	(6,565)	(1,406)	-21.42%	(6,840)	(1,132)	-16.54%
1,210	1,164	46	3.91%	1,306	(97)	-7.40%	Interest Expense	12,975	13,983	(1,007)	-7.21%	13,453	(478)	-3.55%
1,006	1,028	(22)	-2.14%	1,129	(123)	-10.89%	Mgmt Fees and Markup Cost							
3,902	3,885	17	0.43%	4,004	(102)	-2.55%	Minority Interest							
							Total Capital and Others	10,551	12,970	(2,419)	-18.65%	12,049	(1,498)	-12.44%
							Pretax Income	37,092	35,361	1,730	4.89%	44,578	(7,486)	-16.79%
							TAXES ON INCOME							
							Federal Income Taxes							
							State Income Taxes							
							Total Taxes on Income							
3,902	3,885	17	0.43%	4,004	(102)	-2.55%	Net Income	37,092	35,361	1,730	4.89%	44,578	(7,486)	-16.79%

**C, Orderly Development--7(C)**  
**Licensing & Accreditation Inspections**

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNSAT004	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED  05/23/2006
NAME OF PROVIDER OR SUPPLIER  PARKRIDGE EAST HOSPITAL		STREET ADDRESS, CITY, STATE, ZIP CODE 941 SPRING CREEK ROAD CHATTANOOGA, TN 37412		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
P 314	<p>1200-8-30-.03 (1)(j)3 Administration</p> <p>(1) The hospital administration shall provide the following:</p> <p>(i) Incorporation into the hospital existing quality assessment and improvement program, a review of the following pediatric issues and indicators:</p> <p>3. child abuse cases; This Statute is not met as evidenced by: Surveyor: 21160 Based on observation and interview, the facility failed to maintain information to track issues and indicators of suspected child abuse cases.</p> <p>The findings included:</p> <p>Observation and interview with the Director of the ED (Emergency Department) on May 23, 2006, at 9:20 a.m., revealed the Pediatric Facility Notebook did not contain a listing of cases of suspected child abuse for reference in the event the child was seen again in the ED at a later date. The ED Director confirmed the only information available was in the closed record and if the physician or staff did not request the closed record, the physician or staff would have no way of knowing the child had a prior report to the proper authorities of suspected child abuse.</p>	P 314	<p>Corrective Actions regarding specific patient: No known specific patient was affected by this deficiency.</p> <p>Plan immediately past survey: Implemented a tool to include listing of all suspected child abuse cases to be maintained as a reference for pediatric admissions RT fractures, burns, failure to thrive or other S/S that would indicate possible abuse. Staff was educated regarding the use of this log.</p> <p>Corrective Action to provide reference information on previously admitted pediatric patients who may have experienced child abuse: The department director instituted a log of pediatric ED admissions that may have been suspected for child abuse issues. This log has been placed in a strategic place at the nursing station so staff will have easy reference for subsequent admissions.</p> <p>Systemic Changes: A formal education has occurred using individual counseling and email to instruct ED staff how to utilize the log. The objective of the education is to inform staff in the use of the log to recognize a repeated pediatric admission who may be at risk.</p> <p>Monitoring: The department director will monitor this log regularly as part of the department level quality activities. Any issues found when the logs are analyzed will be addressed at the unit level and reported to the Quality Council if applicable to the facility.</p>	<p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Continuous</p>

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

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(X6) DATE

If continuation sheet 1 of 1

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNP53166	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED  05/24/2006
NAME OF PROVIDER OR SUPPLIER  PARKRIDGE MEDICAL CENTER		STREET ADDRESS, CITY, STATE, ZIP CODE 2333 MCCALLIE AVE CHATTANOOGA, TN 37404		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
P 314	1200-B-30-.03 (1)(j)3 Administration  <del>(1) The hospital administration shall provide the following:</del>  (j) Incorporation into the hospital existing quality assessment and improvement program, a review of the following pediatric issues and indicators:  3. child abuse cases; This Statute is not met as evidenced by: Based on observation and interview, the facility failed to monitor for required pediatric issues and indicators of child abuse cases.  The findings included:  Observation of the Emergency Department (ED) on May 23, 2006, at 9:00 a.m., and review of the Pediatric Facility Notebook (PFN) revealed no documentation or monitoring of pediatric visits. Review of the PFN revealed no documentation or monitoring of pediatric care to include age, admissions, diagnosis, length of stay, transfers, or outcomes. Interview with the Director of the ED on May 23, 2006, at 10:00 a.m., confirmed child abuse cases are not incorporated into the hospital quality assessment or quality improvement programs and the facility has no collaboration with the Comprehensive Regional Pediatric Center (CRPC) regarding the assessment and improvement programs.	P 314	Facility "A"  Corrective Actions regarding specific patient: No known specific patient was affected by this deficiency.  Immediate corrective action during the survey: the PMC Emergency Department Director was added to the Comprehensive Regional Pediatric Center meeting attendees so that regular attendance/participation will be a part of his activities.  Plan immediately past survey: Implemented a tool to include listing of all pediatric cases including columns on age, admissions, diagnosis, length of stay, transfers, or outcomes and previously suspected/reported child abuse cases such as RT fractures, burns, failure to thrive or other S/S that would indicate possible abuse. Staff will be educated regarding the use of this notebook.	
P 319	1200-B-30-.03 (1)(j)8 Administration  (1) The hospital administration shall provide the following:  (j) Incorporation into the hospital existing quality assessment and improvement program, a review of the following pediatric issues and indicators:	P 319	A report listing of pediatric transfers will be presented to the department director by information services on a quarterly basis so that these cases may be analyzed for quality improvement.	Complete

## Division of Health Care Facilities

TITLE

(X5) DATE

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVES SIGNATURE

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E FORM *Kusith C. Letcher*

EE1G11  
Regulatory Standards  
Director

6/12/06

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNP53166	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED  05/24/2006
NAME OF PROVIDER OR SUPPLIER  PARKRIDGE MEDICAL CENTER		STREET ADDRESS, CITY, STATE, ZIP CODE 2333 MCCALLIE AVE CHATTANOOGA, TN 37404	

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
P 319	Continued From page 1	P 319		
	<p>8. pediatric transfers, and</p> <p>This Statute is not met as evidenced by: Based on observation and interview, the facility failed to monitor for required pediatric issues and indicators of pediatric transfers.</p> <p>The findings included:</p> <p>Observation of the Emergency Department (ED) on May 23, 2006, at 9:00 a.m., and review of the Pediatric Facility Notebook (PFN) revealed no documentation or monitoring of the pediatric visits. Interview with the Director of the ED on May 23, 2006, at 10:00 a.m., confirmed the issue of pediatric transfers is not incorporated into the hospital quality assessment or quality improvement programs and the facility has no collaboration with the Comprehensive Regional Pediatric Center (CRPC) regarding the assessment and improvement programs.</p>		<p>Corrective Action to provide reference information on previously admitted pediatric patients who may have experienced child abuse: The department director instituted a notebook/log of pediatric ED admissions that may have been suspected for child abuse issues. This log has been placed in a strategic place at the nursing station so staff will have easy reference for subsequent admissions. The IS department has been notified to provide regular pediatric transfer reports for analysis.</p> <p>Systemic Changes: Formal education has occurred using individual counseling and email to instruct ED staff how to utilize the notebook/log. The objective of the education is to inform staff in the use of the documents to recognize a repeated pediatric admission who may be at risk.</p>	Complete
P 501	<p>1200-8-30-.05 (1)(a) Basic Functions</p> <p>(1) Medical Services.</p> <p>(a) In a Basic Pediatric Emergency Facility an on-call physician shall be promptly available and provide direction for the in-house nursing staff. The physician shall be competent in the care of pediatric emergencies including the recognition and management of shock and respiratory failure, the stabilization of pediatric trauma patients, advanced airway skills (intubation, needle thoracostomy), vascular access skills (including intraosseous needle insertion), and be able to perform a thorough screening neurologic assessment and to interpret physical signs and laboratory values in an age-appropriate manner. For physicians not board-certified/prepared by the</p>	P 501	<p>Monitoring: The ED department director will monitor this notebook, the log, and the transfer list regularly as part of the department level quality activities. Any issues found when the documents/reports are analyzed will be addressed at the unit level and reported to the Quality Council if applicable to the facility.</p>	Complete

Facility "B" -  
Medical Services - page 3

Division of Health Care Facilities

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If continuation sheet 2 of

*Health Services*

*Regulatory Standards Director*

*6/12/06*

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNP53166	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED  05/24/2006
NAME OF PROVIDER OR SUPPLIER  PARKRIDGE MEDICAL CENTER		STREET ADDRESS, CITY, STATE, ZIP CODE 2333 MCCALLIE AVE CHATTANOOGA, TN 37404		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
P 501	Continued From page 2  <del>American Board of Emergency Medicine</del> <del>Successful completion of courses ACLS, PALS</del>  Pediatric Advanced Life Support (PALS) or the American Academy of Pediatrics and American College of Emergency Physician's Advanced Pediatric Life Support (APLS) can be utilized to demonstrate this clinical capability. An on-call system shall be developed for access to physicians who have advanced airway and vascular access skills as well as for general surgery and pediatric specialty consultation. A back-up system must be in place for additional registered nurse staffing for emergencies. This Statute is not met as evidenced by: Facility B  Based on review of Credentialing Files, the facility's Medical Staff Rules and Regulations, the Emergency Department's Physicians Schedule and interview, the facility failed to ensure that one of two Emergency Physicians had documented competencies for the care of pediatric emergencies for the Basic Designation in the Pediatric Emergency Care Facility.  The findings included:  Review of Credentialing File #1, an emergency department physician, revealed the physician was not board certified in Emergency Medicine and the Credentialing File had no documented competencies for the care of pediatric emergencies. Review of the Emergency Department's Physicians Schedule for the week of May 14-20, 2006, revealed the physician worked on May 20, 2006, between 2:00 a.m., and 7:00 a.m., as the only Emergency Department Physician. Review of the facility's Medical Staff Rules and Regulations revealed, "...All Emergency Department Physicians are required	P 501	<i>These corrections were made immediately.</i>  Corrective Actions regarding specific patient: No known specific patient was affected by this deficiency.  Immediate corrective action during the survey: The physician whose credentialing document was deficient for required certifications was immediately removed from the emergency room schedule at Facility B. The same physician had applied to Facility A and immediately scheduled required certifications so that he may be credentialed to begin work at Facility A when other appointment documentation was complete.  Corrective Action to prevent other physicians from working if certifications are not up to date: The Medical Staff Supervisor will regularly monitor the credentialing files of all emergency room physicians to assure certifications for ACLS, PALS, and ATLS are in place as required.  Systemic Changes: ACLS, PALS, and ATLS certification status was previously monitored at initial appointments, elevations, and reappointments. Now they will be monitored with a monthly query to pull non-compliant physicians.  If any certifications are close to renewal time, the coordinator will remind the physician to schedule needed classes.  Monitoring: This will be reported to credentials committee for oversight and appropriate action.	    Complete    Complete    Complete   Complete

*Edith C. Leckner*

*Regulatory Standards  
Director*

*6/12/06*

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>TNP53166</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  <b>05/24/2006</b>
NAME OF PROVIDER OR SUPPLIER  <b>PARKRIDGE MEDICAL CENTER</b>			STREET ADDRESS, CITY, STATE, ZIP CODE <b>2333 MCCALLIE AVE CHATTANOOGA, TN 37404</b>		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE	
P 501	Continued From page 3  to maintain certification in ACLS, ATLS, and PALS. Interview with the Administrative Nurse confirmed the Credentialing File had no documented competencies for the care of pediatric emergencies.	P 501			

Division of Health Care Facilities  
STATE FORM

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If continuation sheet 4 of 4

*Robert Leckersief*

*Regulatory Standards  
Director*

*6/12/06*

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNP53166	(X2) MULTIPLE CONSTRUCTION A. BUILDING 02 - EASTRIDGE B. WING _____		(X3) DATE SURVEY COMPLETED  05/23/2006
NAME OF PROVIDER OR SUPPLIER  PARKRIDGE MEDICAL CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 2333 MCCALLIE AVE CHATTANOOGA, TN 37404		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE	
H 871	<p>1200-8-1-.08 (1) Building Standards</p> <p>(1) The hospital must be constructed, arranged, and maintained to ensure the safety of the patient.</p> <p>This Statute is not met as evidenced by: Based on observation, the facility failed to assure smoke detectors were located at least 3 feet from an air supply (NFPA 72, 2-3.5.1).</p> <p>The findings include:</p> <p>Observation on May 22, 2006 at 10:15 a.m. revealed the smoke detectors at the 2W nurses station, 1st floor L&amp;D clean linen room, and day surgery were located (1) foot from an air supply.</p> <p>Based on observation, the facility failed to assure the sprinkler system was maintained and sprinkler piping was not used to support non-system components. (NFPA 13, 9-1.1.7)</p> <p>The findings include:</p> <p>Observation on May 22, 2006 at 1:30 p.m. revealed the 1st floor mechanical room had low voltage wiring supported by and tie wrapped to sprinkler piping.</p>	H 871	<p>Smoke detectors that required correction on 2 West nurses station, 1<sup>st</sup> floor linen room, and day surgery have been moved at least 3 feet from the air supply.</p> <p>The low voltage wiring attached to the sprinkler piping has been removed.</p> <p>System change: Tie wrapping to sprinkler piping will be prevented in the future through regular inspections past contractor work in areas that may be at risk.</p>	6/8/06	6/8/06
				Continuou per occurrence	

Division of Health Care Facilities

*Patricia Letcher* *Regulatory Standards*  
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE *Drieder*

TITLE

6/12/06

(X5) DATE

## Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNP53166	(X2) MULTIPLE CONSTRUCTION A. BUILDING 03 - VALLEY HOSPITAL B. WING _____	(X3) DATE SURVEY COMPLETED  05/23/2006
NAME OF PROVIDER OR SUPPLIER  PARKRIDGE MEDICAL CENTER		STREET ADDRESS, CITY, STATE, ZIP CODE 2333 MCCALLIE AVE CHATTANOOGA, TN 37404		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 871	<p>1200-8-1-.08 (1) Building Standards</p> <p>(1) The hospital must be constructed, arranged, and maintained to ensure the safety of the patient.</p> <p>This Statute is not met as evidenced by: Based on observation, the facility failed to ensure the sprinkler system was maintained and sprinkler piping or hangers were not used to support non-system components (NFPA 13, 9-1.1.7).</p> <p>The findings include:</p> <p>Observation on May 22, 2006, between 10:00 a.m. and 12:30 p.m., revealed the mechanical room in the RTC area and the electrical/riser room near the New Reflections area had wiring and conduit supported by and tie wrapped to sprinkler piping.</p>	H 871	<p>This condition has been corrected. Sprinkler piping is free from attachments.</p> <p>Systemic Change: Tie wrapping to sprinkler piping will be prevented in the future through regular inspections past contractor work in areas that may be at risk.</p>	<p>Complete.</p> <p>Continuou per occurrence</p>

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

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If continuation sheet 1 of 1

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNP53166	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - PARKRIDGE MEDICAL CE B. WING _____		(X3) DATE SURVEY COMPLETED  05/23/2006
NAME OF PROVIDER OR SUPPLIER  PARKRIDGE MEDICAL CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 2333 MCCALLIE AVE CHATTANOOGA, TN 37404		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE	
H 871	<p>1200-8-1-.08 (1) Building Standards</p> <p>(1) The hospital must be constructed, arranged, and maintained to ensure the safety of the patient.</p> <p>This Statute is not met as evidenced by: Based on observation, the facility failed to assure the corridors in the means of egress were maintained clear of all obstructions (NFPA 101-7.1.10.2.1.)</p> <p>The findings include:</p> <p>Observation on May 22 and 23, 2006 between 8:00 a.m. and 5:00 p.m. revealed the 1st floor rear corridor had three (3) beds and eight (8) clean linen bins along the entire length of the corridor.</p> <p>Observation on May 22, 2006 at 4:30 p.m. and May 23, 2006 between 8:00 a.m. and 9:30 a.m. revealed the rear fire exit by the outdoor Oxygen storage area was blocked by carts.</p> <p>Observation on May 22, 2006 at 10:30 a.m. revealed the main 2nd floor rear corridor had two (2) beds, two (2) MRI dollies, and two (2) portable X-ray machines in the corridor.</p> <p>Observation on May 22, 2006 at 11:30 a.m. revealed the radiology corridor had six (6) chairs in the corridor, seven (7) empty portable oxygen carriers, an IV pole, and a 2-drawer cabinet.</p> <p>Based on observation, the facility failed to assure smoke detectors were located at least 3 feet from</p>	H 871	<p>Beds and other items have been removed from the corridor. Signage has been ordered, the expected delivery date is 6/23/06. Daily monitoring for clearance shall be performed by the Engineering Department and the Director of Engineering.</p> <p>Items have been removed from the Fire Exit. Signage has been ordered, the expected delivery date is 6/23/06. Daily monitoring for clearance shall be performed by the Engineering Department and the Director of Engineering.</p> <p>Items have been removed from the corridor. Signage has been ordered, the expected delivery date is 6/23/06. Daily monitoring for clearance shall be performed by the Engineering Department and the Director of Engineering for compliance.</p> <p>Chairs and other items have been removed from the corridor. Signage has been ordered, the expected delivery date is 6/23/06. Daily monitoring for clearance shall be performed by the Engineering Department and the Director of Engineering.</p>	<p>6/30</p> <p>6/30</p> <p>6/30</p> <p>6/30</p>	

Division of Health Care Facilities

TITLE

(X6) DATE

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

STATE FORM

*Judith C. Letcher*

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*Regulatory Standards*  
*Director*

If continuation sheet 1 of 4

6/12/06

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNP53166	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - PARKRIDGE MEDICAL CE B. WING	(X3) DATE SURVEY COMPLETED  05/23/2006
NAME OF PROVIDER OR SUPPLIER  PARKRIDGE MEDICAL CENTER		STREET ADDRESS, CITY, STATE, ZIP CODE 2333 MCCALLIE AVE CHATTANOOGA, TN 37404		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 871	Continued From page 1 an air supply (NFPA 72, 2-3.5.1).  The findings include:  Observation on May 22, 2006 at 2:35 p.m. revealed the smoke detectors on the 1st floor corridor outside the Materials Management rear entrance was one (1) foot from an air supply.  Observation on May 22, 2006 at 2:50 p.m. revealed the smoke detectors on the 2nd floor corridor at the elevator lobby was one (1) foot from an air supply.  Observation on May 22, 2006 at 4:50 p.m. revealed the A and D first floor elevators were not provided with smoke detectors at their rear lobby area.  Based on observation, the facility failed to assure hazardous area one (2) hour fire rated construction is maintained.  The findings include:  Observation on May 23, 2006 at 2:00 p.m. revealed the 1st floor mechanical room (old generator room) had a 2-hour rated wall with an unsealed chiller box in the corridor wall. Maintenance personnel indicated this is no longer being used.	H 871	Smoke detector has been moved at least 3' from the air supply diffuser.  Smoke detector has been moved at least 3' from the air supply diffuser  Smoke detectors have been ordered from the appropriate contractor, delivery date was given of 6/23/06. Detectors shall be installed upon receipt and proper operation verified by the Director of Engineering.  Unit as been sealed with the appropriate rated Fire Caulking. The operational status of the unit is being evaluated by the Engineering Department.	Complete  Complete  7/7/06  Complete
H 872	1200-8-1-.08 (2) Building Standards  (2) The condition of the physical plant and the overall hospital environment must be developed and maintained in such a manner that the safety and well-being of patients are assured.	H 872		

Division of Health Care Facilities  
STATE FORM

*James C. Larkins*

VFPX21  
*Regulatory Standards  
Director*

If continuation sheet 2 of 4

6/12/06

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNP53166	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - PARKRIDGE MEDICAL CE B. WING _____	(X3) DATE SURVEY COMPLETED  05/23/2006
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NAME OF PROVIDER OR SUPPLIER  PARKRIDGE MEDICAL CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE 2333 MCCALLIE AVE CHATTANOOGA, TN 37404
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(X4) ID. PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 872	Continued From page 2  This Statute is not met as evidenced by: Based on observation, the facility failed to assure oxygen bottles are secured and No Smoking signs were provided in areas where oxygen is used or stored (NFPA 99, 8.6.4.2).  The findings include:  Observation on May 22, 2006 between 8:00 a.m. and 4:30 p.m. revealed the following areas have unsecured oxygen bottles, and no signs in place stating "No Smoking oxygen in use" where oxygen is stored or in use:  1. Fifth floor soiled utility. 2. Fifth floor respiratory therapy room. 3. Loading dock oxygen storage area. 4. Four west oxygen storage room. 5. Cardiac recovery unit. 6. MICU storage room.	H 872		
H 893	1200-8-1-.08 (23) Building Standards.  (23) A negative air pressure shall be maintained in the soiled utility area, toilet room, janitor's closet, dishwashing and other such soiled spaces, and a positive air pressure shall be maintained in all clean areas including, but not limited to, clean linen rooms and clean utility rooms.  This Statute is not met as evidenced by: Based on observation, the facility failed to assure soiled linen storage areas were well ventilated and maintained under a relative negative air pressure.  The findings include:	H 893	Signage installed and will be monitored by Zone Mechanics on daily rounds.	Complete

Division of Health Care Facilities  
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If continuation sheet 3 of 4

*Patrick C. Letcher*

*Regulatory Standards*

*Director*

6/12/06

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNP53166	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - PARKRIDGE MEDICAL CE B. WING _____	(X3) DATE SURVEY COMPLETED  05/23/2006
NAME OF PROVIDER OR SUPPLIER  PARKRIDGE MEDICAL CENTER		STREET ADDRESS, CITY, STATE, ZIP CODE 2333 MCCALLIE AVE CHATTANOOGA, TN 37404		
(X4) ID- PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 893	Continued From page 3  Observation on May 23, 2006 at 10:30 a.m. revealed the surgery soiled utility room has no negative air pressure.	H 893	Initial investigation of this issue revealed that at sometime in past renovations the exhaust air duct was terminated to the exhaust fan. At this time the Director of Engineering and the appropriate contractors are reviewing the options of reconnecting the duct work to the exhaust fan. Negative pressure shall be verified by an independent/licensed Air Balance Contractor. Once project is complete the Director of Engineering will forward a letter of completion to the State Fire Marshal's office.	The Director of Engineering will provide in writing when the project is complete  Target date: July 9 2006

Division of Health Care Facilities  
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*Judith C. Letcher*

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*Regulatory Standards  
Director*

If continuation sheet 4 of 4

6/12/06

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNP53168	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED  05/24/2006
NAME OF PROVIDER OR SUPPLIER  PARKRIDGE MEDICAL CENTER		STREET ADDRESS, CITY, STATE, ZIP CODE 2333 MCCALLIE AVE CHATTANOOGA, TN 37404		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 001	<p>1200-8-1 Initial</p> <p>This Statute is not met as evidenced by: An onsite licensure survey was conducted from May 22, 2006 through May 24, 2006, at the three facilities included within the Parkridge Medical Center, Inc.</p> <p>From purposes of clarification, in this Statement of Deficiency, Parkridge Medical Center on McCallie Avenue will be referred to as Hospital A. Parkridge East Hospital will be referred to as Hospital B and Parkridge Valley Hospital will be referred to as Hospital C.</p> <p>An entrance conference was conducted at Hospital A at 10:00 a.m., on May 22, 2006, with the Chief Nursing Executive, the Associate Nursing Officer, the Vice President of Quality, and the Vice President of Education.</p> <p>An entrance conference was conducted at Hospital B at 10:00 a.m., May 22, 2006, with the Chief Executive Officer and the Chief Nursing Officer.</p> <p>An entrance conference was conducted at Hospital C at 8:00 a.m., on May 23, 2006, with the Chief Nursing Executive, Director of Adult Services, Director of Child and Adolescent Services, and Director of Quality and Risk Management.</p> <p>An exit conference pertaining to all 3 facilities surveyed was provided at Hospital A on May 24, 2006, at 1:45 p.m., with the Chief Nursing Executive and several additional administrative staff members in attendance. Survey findings were shared and questions were answered.</p>	H 001	<p>Corrections begin Page 2.</p>	

Division of Health Care Facilities

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*Audits C. Ceballos*

TITLE *Regulatory Standards* (X6) DATE *6/12/06*  
*Director*

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If continuation sheet 1 of 4

Division of Health Care Facilities  
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STATEMENT OF DEFICIENCIES  
AND PLAN OF CORRECTION(X1) PROVIDER/SUPPLIER/CLIA  
IDENTIFICATION NUMBER:

TNP53166

(X2) MULTIPLE CONSTRUCTION

A. BUILDING \_\_\_\_\_

B. WING \_\_\_\_\_

(X3) DATE SURVEY  
COMPLETED

05/24/2006

NAME OF PROVIDER OR SUPPLIER

PARKRIDGE MEDICAL CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

2333 MCCALLIE AVE  
CHATTANOOGA, TN 37404(X4) ID  
PREFIX  
TAGSUMMARY STATEMENT OF DEFICIENCIES  
(EACH DEFICIENCY MUST BE PRECEDED BY FULL  
REGULATORY OR LSC IDENTIFYING INFORMATION)ID  
PREFIX  
TAGPROVIDER'S PLAN OF CORRECTION  
(EACH CORRECTIVE ACTION SHOULD BE  
CROSS-REFERENCED TO THE APPROPRIATE  
DEFICIENCY)(X5)  
COMPLET  
DATE

H 681

Continued From page 2

H 681

The findings included:

Observation of the pediatric crash cart in the  
emergency room on May 23, 2006, at 10:30 a.m.,  
revealed the following drugs had expired:

1. 2 vials of Aminophylline expired 4-1-06
2. 2 vials of Calcium Gluconate expired 2-06
3. 2 Dextrose pediatric syringes expired 4-1-04
4. 6 Sodium Bicarbonate pediatric syringes  
expired 5-1-06
5. 2 vials of Adenocard expired 3-06.

Interview with the Director of the Emergency  
Department at the time of discovery confirmed  
the facility failed to ensure medications for the  
pediatric crash cart had not expired.

H1031

1200-8-1-.10 (11) Infectious Waste and  
Hazardous Waste

H1031

(11) All garbage, trash and other non-infectious  
waste shall be stored, transported, and disposed  
of in a manner that must not permit the  
transmission of disease, create a nuisance,  
provide a breeding place for insects and rodents,  
or constitute a safety hazard. All containers for  
waste shall be water tight, constructed of  
easily-cleanable material and shall be kept on  
elevated platforms.Authority: T.C.A. §§4-5-202, 68-11-202,  
68-11-204, 68-11-206, 68-11-209 and 68-11-216.  
This Statute is not met as evidenced by:  
Facility BBased on observation and interview, the facility  
failed store garbage in a manner to prevent  
transmission of disease and prohibit a breeding  
place for insects and rodents for one of one trash  
compactor.Facility ACorrective action regarding the patient  
affected by the deficient practice:  
No specific patient was affected.

Corrections to prevent recurrence:

1. The pharmacy inspection checklist will  
highlight the location of pediatric crash  
carts.
2. The procedure for floor inspections and  
the checklist will be reviewed by entire  
pharmacy technician staff.
3. The pharmacy director will validate  
pharmacy staff knowledge by performing  
walk-throughs with each assigned  
pharmacy technician in their area.
4. A pharmacy technician will be assigned  
to monitor compliance with monthly  
inspections.
5. A signature log will be kept and sent to  
QM by June 30 to ensure each technician  
has been educated on the crash cart  
inspection process.

Corrective action to identify other patients  
at risk: Counseling was immediately  
provided to pharmacy staff and nurses at  
the point of care who were involved in  
checking for expiration dates. This should  
prevent the same practice from recurring.Systemic changes: A formal educational  
program to all ED staff nurses will occur  
by June 14, 2006.Monitoring: The ED director will perform  
spot checks of the pediatric code cart to  
assure the tag does not indicate out of date  
medications.

6/30/06

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Division of Health Care Facilities  
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If continuation sheet 3

*Regulatory Standards  
Director*

6/17/06

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNP53166	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  05/24/2006
NAME OF PROVIDER OR SUPPLIER  PARKRIDGE MEDICAL CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 2333 MCCALLIE AVE CHATTANOOGA, TN 37404		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLET DATE	
H1031	Continued From page 3  The findings included:  Observation and interview with the Supervisor of the Dietary Department on May 22, 2006, at 1:00 p.m., revealed the open area of the trash compactor for depositing trash to be compacted contained numerous large garbage bags filled with trash. Several of the bags had a white liquid on the outside of the bags. Two of the bags were punctured. The supervisor confirmed the trash had not been compacted and the trash was not to be left exposed.	H1031	<p>Corrective actions: No specific patient was affected by this deficiency.</p> <p>Corrective Action to prevent recurrence of trash being left at the compactor: the specific employee involved was counseled to assure all trash is compacted before leaving the dock area. This employee was counseled to always carry the compactor key on pick up rounds.</p> <p>Each employee in the Environmental department services was educated regarding compacting the trash when it is first carried out.</p> <p>System Changes: An immediate assessment was made of all personnel who had been issued keys to the compactor to assure employees did have the ability to compact the trash when carried out and before leaving the compactor dock.</p> <p>Monitoring: The engineering director will monitor the compacting dock on regular safety rounds.</p>	<p>Comple</p> <p>Comple</p> <p>Comple</p> <p>Contim</p>	

Division of Health Care Facilities

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*Adith Ketcher*

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*Regulatory  
Standards Director*

If continuation sheet

6/12/06



Parkridge Medical Center, Inc.  
2333 McCallie Avenue  
Chattanooga, TN 37404

**Organization Identification Number: 7815**

**Program(s)**

Hospital Accreditation

Behavioral Health Care Accreditation

**Survey Date(s)**

05/13/2014-05/16/2014

**Executive Summary**

**Hospital Accreditation :**

As a result of the accreditation activity conducted on the above date(s), Requirements for Improvement have been identified in your report.

You will have follow-up in the area(s) indicated below:

- Evidence of Standards Compliance (ESC)

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**Behavioral Health Care Accreditation :**

As a result of the accreditation activity conducted on the above date(s), there were no Requirements for Improvement identified.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

## The Joint Commission Summary of Findings

**Evidence of DIRECT Impact Standards Compliance is due within 45 days from the day the survey report was originally posted to your organization's extranet site:**

<b>Program:</b>	Hospital Accreditation Program	
<b>Standards:</b>	EC.02.04.03	EP5
	EC.02.05.07	EP4,EP6
	NPSG.15.01.01	EP1
	PC.01.02.01	EP23
	PC.02.01.03	EP1,EP7
	PC.02.01.11	EP2
	PC.03.01.07	EP7

**Evidence of INDIRECT Impact Standards Compliance is due within 60 days from the day the survey report was originally posted to your organization's extranet site:**

<b>Program:</b>	Hospital Accreditation Program	
<b>Standards:</b>	EC.02.04.01	EP4
	IC.01.05.01	EP1
	IC.02.01.01	EP1
	IC.02.02.01	EP4
	LD.04.03.09	EP4
	LS.02.01.10	EP4
	LS.02.01.30	EP11
	MM.03.01.01	EP8
	MS.03.01.01	EP16,EP17
	PC.01.03.01	EP5
	RC.01.01.01	EP19
	TS.03.01.01	EP1

# The Joint Commission Summary of CMS Findings

**CoP:** §482.13      **Tag:** A-0115      **Deficiency:** Standard

**Corresponds to:** HAP

**Text:** §482.13 Condition of Participation: Patient's Rights

A hospital must protect and promote each patient's rights.

CoP Standard	Tag	Corresponds to	Deficiency
§482.13(c)(2)	A-0144	HAP - IC.02.01.01/EP1	Standard

**CoP:** §482.23      **Tag:** A-0385      **Deficiency:** Standard

**Corresponds to:** HAP

**Text:** §482.23 Condition of Participation: Nursing Services

The hospital must have an organized nursing service that provides 24-hour nursing services. The nursing services must be furnished or supervised by a registered nurse.

CoP Standard	Tag	Corresponds to	Deficiency
§482.23(b)(4)	A-0396	HAP - PC.01.03.01/EP5	Standard

**CoP:** §482.24      **Tag:** A-0431      **Deficiency:** Standard

**Corresponds to:** HAP

**Text:** §482.24 Condition of Participation: Medical Record Services

The hospital must have a medical record service that has administrative responsibility for medical records. A medical record must be maintained for every individual evaluated or treated in the hospital.

CoP Standard	Tag	Corresponds to	Deficiency
§482.24(c)(1)	A-0450	HAP - RC.01.01.01/EP19	Standard
§482.24(c)(2)	A-0450	HAP - RC.01.01.01/EP19	Standard

**CoP:** §482.25      **Tag:** A-0490      **Deficiency:** Standard

**Corresponds to:** HAP

**Text:** §482.25 Condition of Participation: Pharmaceutical Services

The hospital must have pharmaceutical services that meet the needs of the patients. The institution must have a pharmacy directed by a registered pharmacist or a drug storage area under competent supervision. The medical staff is responsible for developing policies and procedures that minimize drug errors. This function may be delegated to the hospital's organized pharmaceutical service.

CoP Standard	Tag	Corresponds to	Deficiency
§482.25(b)(3)	A-0505	HAP - MM.03.01.01/EP8	Standard

**CoP:** §482.26      **Tag:** A-0528      **Deficiency:** Standard

**Corresponds to:** HAP

## The Joint Commission Summary of CMS Findings

**Text:** §482.26 Condition of Participation: Radiologic Services

The hospital must maintain, or have available, diagnostic radiologic services. If therapeutic services are also provided, they, as well as the diagnostic services, must meet professionally approved standards for safety and personnel qualifications.

CoP Standard	Tag	Corresponds to	Deficiency
§482.26(c)(2)	A-0547	HAP - MS.03.01.01/EP16	Standard

**CoP:** §482.41 **Tag:** A-0700 **Deficiency:** Standard

**Corresponds to:** HAP

**Text:** §482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(c)(2)	A-0724	HAP - EC.02.04.03/EP5, EC.02.05.07/EP4, EP6	Standard
§482.41(b)(1)(i)	A-0710	HAP - LS.02.01.10/EP4, LS.02.01.30/EP11	Standard

**CoP:** §482.42 **Tag:** A-0747 **Deficiency:** Standard

**Corresponds to:** HAP - IC.02.01.01/EP1,  
IC.02.02.01/EP4

**Text:** §482.42 Condition of Participation: Infection Control

The hospital must provide a sanitary environment to avoid sources and transmission of infections and communicable diseases. There must be an active program for the prevention, control, and investigation of infections and communicable diseases.

**CoP:** §482.51 **Tag:** A-0940 **Deficiency:** Standard

**Corresponds to:** HAP

**Text:** §482.51 Condition of Participation: Surgical Services

If the hospital provides surgical services, the services must be well organized and provided in accordance with acceptable standards of practice. If outpatient surgical services are offered the services must be consistent in quality with inpatient care in accordance with the complexity of services offered.

CoP Standard	Tag	Corresponds to	Deficiency
§482.51(b)	A-0951	HAP - IC.02.02.01/EP4, IC.01.05.01/EP1	Standard

**CoP:** §482.52 **Tag:** A-1000 **Deficiency:** Standard

**Corresponds to:** HAP

## The Joint Commission Summary of CMS Findings

**Text:** §482.52 Condition of Participation: Anesthesia Services

If the hospital furnishes anesthesia services, they must be provided in a well-organized manner under the direction of a qualified doctor of medicine or osteopathy. The service is responsible for all anesthesia administered in the hospital.

CoP Standard	Tag	Corresponds to	Deficiency
§482.52(b)(3)	A-1005	HAP - PC.03.01.07/EP7	Standard

**CoP:** §482.53      **Tag:** A-1026      **Deficiency:** Standard

**Corresponds to:** HAP

**Text:** §482.53 Condition of Participation: Nuclear Medicine Services

If the hospital provides nuclear medicine services, those services must meet the needs of the patients in accordance with acceptable standards of practice.

CoP Standard	Tag	Corresponds to	Deficiency
§482.53(a)(2)	A-1029	HAP - MS.03.01.01/EP17	Standard

**CoP:** §482.56      **Tag:** A-1123      **Deficiency:** Standard

**Corresponds to:** HAP

**Text:** §482.56 Condition of Participation: Rehabilitation Services

If the hospital provides rehabilitation, physical therapy, occupational therapy, audiology, or speech pathology services, the services must be organized and staffed to ensure the health and safety of patients.

CoP Standard	Tag	Corresponds to	Deficiency
§482.56(b)	A-1132	HAP - PC.02.01.03/EP1, EP7	Standard

**CoP:** §482.12      **Tag:** A-0043      **Deficiency:** Standard

**Corresponds to:** HAP

**Text:** §482.12 Condition of Participation: Governing Body

There must be an effective governing body that is legally responsible for the conduct of the hospital. If a hospital does not have an organized governing body, the persons legally responsible for the conduct of the hospital must carry out the functions specified in this part that pertain to the governing body. The governing body (or the persons legally responsible for the conduct of the hospital and carrying out the functions specified in this part that pertain to the governing body) must include a member, or members, of the hospital's medical staff.

CoP Standard	Tag	Corresponds to	Deficiency
§482.12(e)	A-0083	HAP - LD.04.03.09/EP4	Standard

## The Joint Commission Findings

**Chapter:** Environment of Care  
**Program:** Hospital Accreditation  
**Standard:** EC.02.04.01  
**Standard Text:** The hospital manages medical equipment risks.  
**Primary Priority Focus Area:** Equipment Use  
**Element(s) of Performance:**

ESC 60 days

4. The hospital identifies, in writing, frequencies for inspecting, testing, and maintaining medical equipment on the inventory based on criteria such as manufacturers' recommendations, risk levels, or current hospital experience. (See also EC.02.04.03, EPs 2 and 3)



### Scoring

**Category :** A  
**Score :** Insufficient Compliance

### Observation(s):

EP 4

Observed in Tracer Activities at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site. The two hydroculators for hot packs and cold packs were not being cleaned every two weeks as recommended by the manufacturer's guidelines. The organization did not have a cleaning log for either machine and explained that equipment had been cleaned around every quarter. During the survey the organization had begun the process of developing a cleaning scheduling and educating the staff on the new every two week cleaning schedule.

---

**Chapter:** Environment of Care  
**Program:** Hospital Accreditation  
**Standard:** EC.02.04.03  
**Standard Text:** The hospital inspects, tests, and maintains medical equipment.  
**Primary Priority Focus Area:** Equipment Use  
**Element(s) of Performance:**

ESC 45 days

5. The hospital performs equipment maintenance and chemical and biological testing of water used in hemodialysis. These activities are documented.



### Scoring

**Category :** A  
**Score :** Insufficient Compliance

### Observation(s):

## The Joint Commission Findings

EP 5

§482.41(c)(2) - (A-0724) - (2) Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality.

This Standard is NOT MET as evidenced by:

Observed in Tracer Activities at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

The vendor policy for water culture acceptability was not consistent with the current AAMI levels of less than 100. The vendor the acceptable level for water cultures at the time of survey was less than 200.

**Chapter:** Environment of Care

**Program:** Hospital Accreditation

**Standard:** EC.02.05.07

ESC 45 days

**Standard Text:** The hospital inspects, tests, and maintains emergency power systems.  
Note: This standard does not require hospitals to have the types of emergency power equipment discussed below. However, if these types of equipment exist within the building, then the following maintenance, testing, and inspection requirements apply.

**Primary Priority Focus** Physical Environment

**Area:**

**Element(s) of Performance:**

4. At least monthly, the hospital tests each emergency generator under load for at least 30 continuous minutes. The completion dates of the tests are documented.



### Scoring

**Category :** A

**Score :** Insufficient Compliance

6. At least monthly, the hospital tests all automatic transfer switches. The completion date of the tests is documented.



### Scoring

**Category :** A

**Score :** Insufficient Compliance

**Observation(s):**

## The Joint Commission Findings

### EP 4

§482.41(c)(2) - (A-0724) - (2) Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality.

This Standard is NOT MET as evidenced by:

Observed in Document Review at Parkridge Valley Hospital - Adult and Senior Campus (7351 Courage Way, Chattanooga, TN) site for the Hospital deemed service.

During the document review of the generator located at the Parkridge Valley Adult Campus, it was noted that from July 2013 to January 13, 2014, the generator was tested for a duration of less than 30 minutes each month. The hospital was in compliance after January 13, 2014 for the generator's 30 minute run time.

### EP 6

§482.41(c)(2) - (A-0724) - (2) Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality.

This Standard is NOT MET as evidenced by:

Observed in Document Review at Parkridge Valley Hospital - Adult and Senior Campus (7351 Courage Way, Chattanooga, TN) site for the Hospital deemed service.

During the document review of the generator located at the Parkridge Valley Adult Campus, it was noted that there were three automatic transfer switches. During the months of July, August and September 2013, only the initiating transfer switch was documented as being exercised on a monthly basis. There was no notation that the other two transfer switches had been exercised.

---

**Chapter:** Infection Prevention and Control

**Program:** Hospital Accreditation

**Standard:** IC.01.05.01

ESC 60 days

**Standard Text:** The hospital has an infection prevention and control plan.

**Primary Priority Focus** Infection Control

**Area:**

**Element(s) of Performance:**

1. When developing infection prevention and control activities, the hospital uses evidence-based national guidelines or, in the absence of such guidelines, expert consensus.



### Scoring

**Category :** A

**Score :** Insufficient Compliance

**Observation(s):**

## The Joint Commission Findings

### EP 1

§482.51(b) - (A-0951) - §482.51(b) Standard: Delivery of Service

Surgical services must be consistent with needs and resources. Policies governing surgical care must be designed to assure the achievement and maintenance of high standards of medical practice and patient care.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.

During tracer activity in the operating room, it was noted that a surgeon in the sterile field had "gowned" and "gloved" in a sterile manner, was wearing an operating room hat, but had his mask below his chin and beard. After the time out had been completed and before the procedure (direct laryngoscopy and laryngeal biopsy) had begun, he raised his mask to cover his mouth, nose and beard. This technique does not comply with AORN standards which the hospital uses as its standard for sterile technique

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

During tracer activity in radiology, during a CT guided biopsy of a lung mass, it was noted that the radiologist, before performing the procedure, "scrubbed", then used his cleaned hands to put on his hat, his mask, open his sterile gown. He then put on his gown and sterile gloves for the procedure. This technique does not comply with AORN standards which the hospital uses as its standard for sterile technique.

---

**Chapter:** Infection Prevention and Control

**Program:** Hospital Accreditation

**Standard:** IC.02.01.01

ESC 60 days

**Standard Text:** The hospital implements its infection prevention and control plan.

**Primary Priority Focus** Infection Control

**Area:**

**Element(s) of Performance:**

1. The hospital implements its infection prevention and control activities, including surveillance, to minimize, reduce, or eliminate the risk of infection.



### Scoring

**Category :** C

**Score :** Insufficient Compliance

**Observation(s):**

## The Joint Commission Findings

### EP 1

§482.13(c)(2) - (A-0144) - (2) The patient has the right to receive care in a safe setting.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Grandview Medical Center (1000 Highway 28, Jasper, TN) site for the Hospital deemed service.

In the OR it was found that on two procedure door jambs that each had multiple scratches and scrapes down to bare metal providing a surface for potential infections. In the cysto room it was noted there was a hole in the wall that also provided a surface for potential infections.

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

In the central sterile storage area it was noted that the back of the sterilizer could be accessed from a door in sterile storage. When the door was opened it was noted that the floor under and around the sterilizer was wet and there was water dripping from the pipes. It was also noted that the brass like floor grate was corroded green and had rust. Plant operations responded immediately, cleaned the water and fixed the leaking pipes.

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

In the Ultrasound and Mammography area it was found that the vaginal probe cleaning area was checked daily first thing in the morning to see if the room had a negative pressure. Per documentation it was noted that the pressure was negative daily for the last few months. However, at the time of survey the room was neutral and not negative due to the fact that the staff kept the door open during the day. This did not allow the room to maintain negative pressure.

Observed in Individual Tracer at Parkridge Valley Hospital - Adult and Senior Campus (7351 Courage Way, Chattanooga, TN) site for the Hospital deemed service.

For a patient on the senior unit, who was admitted 28 days prior to this review, it was noted that the patient was admitted with lice and scabies. When the staff was asked if infection control had been informed of this it was stated that they were notified. On further review with the ICP it was found that this report had not been submitted.

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.

During tracer activity in the operating room area, it was noted that a bronchoscopy was being performed in operating room 2. When a tissue (kleenex) was held at the base of the closed door between room 2 and the hall, the tissue blew away from the door, showing that the room 2 pressure was positive compared with the hall pressure. (consistent with the finding with the room pressure monitors earlier that day). During bronchoscopy, the room pressure should be negative compared with the hall pressure so that possible airborne contaminants would not be blown out into a clean area.

§482.42 - (A-0747) - §482.42 Condition of Participation: Condition of Participation: Infection Control

This Condition is NOT MET as evidenced by:

Observed in Tracer Activities at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

The return air vents in two operating rooms in use were noted to be coated with a matted layer of dust. The matted layer of dust was demonstrated to the staff in unoccupied room 8 by scrubbing off a section of the layered dust with a damp paper towel.

---

**Chapter:** Infection Prevention and Control

**Program:** Hospital Accreditation

**Standard:** IC.02.02.01

ESC 60 days

**Standard Text:** The hospital reduces the risk of infections associated with medical equipment, devices, and supplies.

## The Joint Commission Findings

**Primary Priority Focus** Infection Control

**Area:**

**Element(s) of Performance:**

4. The hospital implements infection prevention and control activities when doing the following: Storing medical equipment, devices, and supplies.



**Scoring**

**Category :** C

**Score :** Partial Compliance

**Observation(s):**

EP 4

§482.51(b) - (A-0951) - §482.51(b) Standard: Delivery of Service

Surgical services must be consistent with needs and resources. Policies governing surgical care must be designed to assure the achievement and maintenance of high standards of medical practice and patient care.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

During tracer activity in the Radiology suite, it was noted that a wire supply cart in one of the procedure rooms did not have an impervious bottom. The open structure would allow dirt and debris from the floor to contaminate items stored on the bottom shelf.

§482.42 - (A-0747) - §482.42 Condition of Participation: Condition of Participation: Infection Control

This Condition is NOT MET as evidenced by:

Observed in Tracer Activities at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

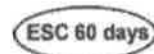
The Pharmacy IV Infusion prep room has three open bottom wire carts two of which had cardboard and plastic medication boxes stored on the bottom shelf.

---

**Chapter:** Leadership

**Program:** Hospital Accreditation

**Standard:** LD.04.03.09



**Standard Text:** Care, treatment, and services provided through contractual agreement are provided safely and effectively.

**Primary Priority Focus** Organizational Structure

**Area:**

## The Joint Commission Findings

### Element(s) of Performance:

4. Leaders monitor contracted services by establishing expectations for the performance of the contracted services.  
Note 1: In most cases, each licensed independent practitioner providing services through a contractual agreement must be credentialed and privileged by the hospital using their services following the process described in the 'Medical Staff' (MS) chapter.  
Note 2: For hospitals that do not use Joint Commission accreditation for deemed status purposes: When the hospital contracts with another accredited organization for patient care, treatment, and services to be provided off site, it can do the following:

- Verify that all licensed independent practitioners who will be providing patient care, treatment, and services have appropriate privileges by obtaining, for example, a copy of the list of privileges.
- Specify in the written agreement that the contracted organization will ensure that all contracted services provided by licensed independent practitioners will be within the scope of their privileges.

Note 3: For hospitals that use Joint Commission accreditation for deemed status purposes: The leaders who monitor the contracted services are the governing body.

### Scoring

**Category :** A  
**Score :** Insufficient Compliance

### Observation(s):

EP 4

§482.12(e) - (A-0083) - §482.12(e) Standard: Contracted Services

The governing body must be responsible for services furnished in the hospital whether or not they are furnished under contracts. The governing body must ensure that a contractor of services (including one for shared services and joint ventures) furnishes services that permit the hospital to comply with all applicable conditions of participation and standards for the contracted services.

This Standard is NOT MET as evidenced by:

Observed in Document Review at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

A review of contracts by the surveyor and a discussion with the Market Director of Quality revealed that leaders had not monitored contracted services by establishing expectations for the performance of the contracted services. Specifically the contract with Surgery Pharmacy Services, Inc. did not include performance expectations nor did the contract with DCI (dialysis services).

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**Chapter:** Life Safety

**Program:** Hospital Accreditation

**Standard:** LS.02.01.10

**Standard Text:** Building and fire protection features are designed and maintained to minimize the effects of fire, smoke, and heat.

**Primary Priority Focus Area:** Physical Environment

ESC 60 days

## The Joint Commission Findings

### Element(s) of Performance:

4. Openings in 2-hour fire-rated walls are fire rated for 1 1/2 hours.  
(See also LS.02.01.20, EP 3; LS.02.01.30, EP 1) (For full text and any exceptions, refer to NFPA 101-2000: 8.2.3.2.3.1)



### Scoring

**Category :** A  
**Score :** Insufficient Compliance

### Observation(s):

#### EP 4

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to:  
[http://www.archives.gov/federal\\_register/code\\_of\\_federal\\_regulations/ibr\\_locations.html](http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html).

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Grandview Medical Center (1000 Highway 28, Jasper, TN) site for the Hospital deemed service.

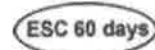
During the building tour of the Parkridge Medical Center – West, it was observed on the 1st floor at the 2-hour separation between the hospital and medical office building that the door frame had 8 small, unprotected holes.

Observed in Building Tour at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

During the building tour of the Parkridge Medical Center – Main, it was observed on the 3rd floor at the 2-hour separation between the hospital and the Diagnostic Center that the 90-minute rated door did not have two floor catches for the lower latching mechanisms.

---

**Chapter:** Life Safety  
**Program:** Hospital Accreditation  
**Standard:** LS.02.01.30



**Standard Text:** The hospital provides and maintains building features to protect individuals from the hazards of fire and smoke.  
**Primary Priority Focus Area:** Physical Environment

## The Joint Commission Findings

### Element(s) of Performance:

11. Corridor doors are fitted with positive latching hardware, are arranged to restrict the movement of smoke, and are hinged so that they swing. The gap between meeting edges of door pairs is no wider than 1/8 inch, and undercuts are no larger than 1 inch. Roller latches are not acceptable.

Note: For existing doors, it is acceptable to use a device that keeps the door closed when a force of 5 foot-pounds are applied to the edge of the door. (For full text and any exceptions, refer to NFPA 101-2000: 18/19.3.6.3.2, 18/19.3.6.3.1, and 7.2.1.4.1)



### Scoring

**Category :** C  
**Score :** Insufficient Compliance

### Observation(s):

EP 11

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101@2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: [http://www.archives.gov/federal\\_register/code\\_of\\_federal\\_regulations/ibr\\_locations.html](http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html).

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Grandview Medical Center (1000 Highway 28, Jasper, TN) site for the Hospital deemed service.

During the building tour of the Parkridge Medical Center – West, it was observed on the 2nd floor at the elevator lobby that the corridor's double doors had a gap of approximately ¼- inches.

Observed in Building Tour at Grandview Medical Center (1000 Highway 28, Jasper, TN) site for the Hospital deemed service.

During the building tour of the Parkridge Medical Center – West, it was observed on the 2nd floor at the back door to the ICU that the corridor's double doors had a gap of approximately ¼- inches.

Observed in Building Tour at Grandview Medical Center (1000 Highway 28, Jasper, TN) site for the Hospital deemed service.

During the building tour of the Parkridge Medical Center – West, it was observed on the 2nd floor at the back door to the ICU that the double doors did not have positive latching.

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**Chapter:** Medical Staff

**Program:** Hospital Accreditation

**Standard:** MS.03.01.01

ESC 60 days

**Standard Text:** The organized medical staff oversees the quality of patient care, treatment, and services provided by practitioners privileged through the medical staff process.

**Primary Priority Focus Area:** Credentialed Practitioners

Organization Identification Number: 7815

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## The Joint Commission Findings

### Element(s) of Performance:

16. For hospitals that use Joint Commission accreditation for deemed status purposes: The medical staff determines the qualifications of the radiology staff who use equipment and administer procedures.



### Scoring

**Category :** A  
**Score :** Insufficient Compliance

17. For hospitals that use Joint Commission accreditation for deemed status purposes: The medical staff approves the nuclear services director's specifications for the qualifications, training, functions, and responsibilities of the nuclear medicine staff.



### Scoring

**Category :** A  
**Score :** Insufficient Compliance

### Observation(s):

#### EP 16

§482.26(c)(2) - (A-0547) - (2) Only personnel designated as qualified by the medical staff may use the radiologic equipment and administer procedures.

This Standard is NOT MET as evidenced by:

Observed in Credentialing and Privileging at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

The HCO did not have documentation that the medical staff had determined the qualifications of the radiology staff who use equipment and administer procedures.

#### EP 17

§482.53(a)(2) - (A-1029) - (2) The qualifications, training, functions and responsibilities of the nuclear medicine personnel must be specified by the service director and approved by the medical staff.

This Standard is NOT MET as evidenced by:

Observed in Credentialing and Privileging at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

The HCO could not provide documentation that the qualifications, training, functions and responsibilities of the nuclear medicine personnel are specified by the service director and approved by the medical staff.

---

**Chapter:** Medication Management

**Program:** Hospital Accreditation

**Standard:** MM.03.01.01



**Standard Text:** The hospital safely stores medications.

**Primary Priority Focus Area:** Medication Management

## The Joint Commission Findings

### Element(s) of Performance:

8. The hospital removes all expired, damaged, and/or contaminated medications and stores them separately from medications available for administration.



### Scoring

**Category :** C  
**Score :** Insufficient Compliance

### Observation(s):

EP 8

§482.25(b)(3) - (A-0505) - (3) Outdated, mislabeled, or otherwise unusable drugs and biologicals must not be available for patient use.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

During tracer activity in the Radiology suite it was noted that a locked cabinet containing "rescue" drugs (for resuscitation if needed during stress testing) contained a vial of esmolol (10 mg/ml; 10 ml) that had expired.

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

During tracer activity in the clean utility room of the MICU it was noted that the expiration date of several IV bags of D5 normal saline, 500 ml, had passed. The bags were still on the shelf available for use.(beyond their expiration date).

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.

During tracer activity in the operating room area, it was noted in a code cart in the hall that several bags of IV (intra venous) fluids in the cart had expired dates. These included the following: lactated ringers 1000 ml expired 11-13; D5 1000 ml expired 1-14; D5W 500 ml expired 3-14.

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.

During tracer activity in the MRI suite it was noted that several IV bags of 0.9% NaCl were beyond their expiration dates.

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**Chapter:** National Patient Safety Goals

**Program:** Hospital Accreditation

**Standard:** NPSG.15.01.01

ESC 45 days

**Standard Text:** Identify patients at risk for suicide.

Note: This requirement applies only to psychiatric hospitals and patients being treated for emotional or behavioral disorders in general hospitals.

**Primary Priority Focus Area:** Assessment and Care/Services

## The Joint Commission Findings

### Element(s) of Performance:

1. Conduct a risk assessment that identifies specific patient characteristics and environmental features that may increase or decrease the risk for suicide.



### Scoring

**Category :** C  
**Score :** Insufficient Compliance

### Observation(s):

EP 1

Observed in Individual Tracer at Intensive Outpatient Program (2775 Executive Park, Cleveland, TN) site. While reviewing the case record of an adult IOP client from the Cleveland site it was noted that the completed assessment did not draw any conclusions about the individual's risk of self-harm despite a suicide gesture that precipitated a recent psychiatric hospitalization.

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site. While reviewing the case record of an adult IOP client from the Cleveland clinic it was noted that the individual's completed suicide risk assessment did not address environmental factors that could impact on the individual's relative risk of self-harm. Nor did the assessment result in any specific conclusions about the level of risk, if any, posed by the individual.

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site. While reviewing the case record of an 18yr old male PHP client at the Courage Way site, it was noted that the completed suicide risk assessment did not address the impact of external factors, if any, on the individual's risk of suicide. It was noted in the record that the individual had contemplated jumping off a cliff and may have experienced hallucinations. Yet, neither were mentioned in the risk assessment.

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**Chapter:** Provision of Care, Treatment, and Services  
**Program:** Hospital Accreditation  
**Standard:** PC.01.02.01  
**Standard Text:** The hospital assesses and reassesses its patients.  
**Primary Priority Focus Area:** Assessment and Care/Services  
**Element(s) of Performance:**



23. During patient assessments and reassessments, the hospital gathers the data and information it requires. (See also PC.01.01.01, EP 24)



### Scoring

**Category :** C  
**Score :** Partial Compliance

### Observation(s):

## The Joint Commission Findings

EP 23

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site.  
The FIM scores for a post surgical patient were not entered during the initial therapy evaluation as required by hospital policy

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site.  
While conducting tracer activities on the Telemetry Unit it was determined that during patient assessments the hospital had not gathered the data and information it required. Specifically, although the patient had been admitted through the Emergency Department with numerous health problems including two wounds on his left lower leg, there was no indication that the wounds had been assessed during the initial nursing assessment conducted when the patient was admitted to the unit. The wound component of the record had been left blank. Hospital policy PC-POL/PRO-3.040.001 states that skin and wound assessments are completed minimally on admission, every shift and as needed according to the patient's needs.

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**Chapter:** Provision of Care, Treatment, and Services

**Program:** Hospital Accreditation

**Standard:** PC.01.03.01

ESC 60 days

**Standard Text:** The hospital plans the patient's care.

**Primary Priority Focus Area:** Assessment and Care/Services

**Element(s) of Performance:**

5. The written plan of care is based on the patient's goals and the time frames, settings, and services required to meet those goals.  
Note: For psychiatric hospitals that use Joint Commission accreditation for deemed status purposes: The patient's goals include both short- and long-term goals.



### Scoring

**Category :** A

**Score :** Insufficient Compliance

**Observation(s):**

## The Joint Commission Findings

### EP 5

§482.23(b)(4) - (A-0396) - (4) The hospital must ensure that the nursing staff develops, and keeps current, a nursing care plan for each patient. The nursing care plan may be part of an interdisciplinary care plan.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

While reviewing the medical record of a patient on 4 West the surveyor noted that the nursing care plan included goals as well as the settings and services to meet those goals, however there were no timeframes identified for meeting the goals.

Observed in Record Review at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.

During a review of the nursing care plan in the Parkridge East NICU and an interview with nursing staff it was determined that the patient centered careplan did not include time frames within which the goals were to be achieved.

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.

While reviewing the written plan of care the surveyor determined that not all goals had not been based upon time frames within which they were to be achieved. Although the goals were appropriate to the settings and services required to meet them, several of them did not include a time frame. Additionally, no goals had been added to the plan for Respiratory Services although the patient was on continuous oxygen and received aerosolized medications to reduce respiratory symptoms.

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

64 year old female admitted 5/6/14 for Degenerative Joint Disc Disease. For lumbar fusion. On POD 2 patient developed Acute Kidney injury secondary to Vancomycin. Patient started on dialysis. The nursing POC had problem goals but did not have patient or incident specific time frames associated with these goals.

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

SICU: 77 year old female admitted to treat her recurrent bladder tumor. Coronary artery disease and bundle branch block was found during evaluation. The patient coded and was suspected to have aspirated some pills. The nursing POC had problem goals but did not have patient or incident specific time frames associated with these goals.

---

<b>Chapter:</b>	Provision of Care, Treatment, and Services
<b>Program:</b>	Hospital Accreditation
<b>Standard:</b>	PC.02.01.03
<b>Standard Text:</b>	The hospital provides care, treatment, and services as ordered or prescribed, and in accordance with law and regulation.
<b>Primary Priority Focus Area:</b>	Assessment and Care/Services



## The Joint Commission Findings

### Element(s) of Performance:

1. For hospitals that use Joint Commission accreditation for deemed status purposes: Prior to providing care, treatment, and services, the hospital obtains or renews orders (verbal or written) from a licensed independent practitioner or other practitioner in accordance with professional standards of practice; law and regulation; hospital policies; and medical staff bylaws, rules, and regulations. \*

Footnote \*: For law and regulation guidance pertaining to those responsible for the care of the patient, refer to 42 CFR 482.12(c).



### Scoring

**Category :** A  
**Score :** Insufficient Compliance

7. For hospitals that use Joint Commission accreditation for deemed status purposes: The hospital provides care, treatment, and services using the most recent patient order(s).



### Scoring

**Category :** A  
**Score :** Insufficient Compliance

### Observation(s):

## The Joint Commission Findings

EP 1

§482.56(b) - (A-1132) - §482.56(b) Standard: Delivery of Services

Services must only be provided under the orders of a qualified and licensed practitioner who is responsible for the care of the patient, acting within his or her scope of practice under State law, and who is authorized by the hospital's medical staff to order the services in accordance with hospital policies and procedures and State laws.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.

During tracer activity in the MRI suite, it was noted that an intubated patient had undergone an MRI scan which lasted about six hours about a month earlier. The patient was identified. On discussion with the nurse who had monitored the patient during this procedure it was learned that, although, in the ICU, the intubated patient had been receiving propofol sedation according to pump titration protocol, the pump could not be used in the MRI area and the ICU nurse had to count drops and titrate the rate of the propofol infusion up and down to keep the patient at the requested level of sedation. There was no protocol for this action which was beyond the scope of the orders.

EP 7

§482.56(b) - (A-1132) - §482.56(b) Standard: Delivery of Services


Services must only be provided under the orders of a qualified and licensed practitioner who is responsible for the care of the patient, acting within his or her scope of practice under State law, and who is authorized by the hospital's medical staff to order the services in accordance with hospital policies and procedures and State laws.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.

During review of a medical record related to tracer activity on 2 W the surveyor determined that the hospital had not provided care, treatment and services as ordered. The physician order included "routine wound care", however there was no clinical protocol or reference that described the components of routine wound care. Documentation by the nurse providing wound care indicated that Mepilex and curlex were used to dress the wound.

---

**Chapter:** Provision of Care, Treatment, and Services  
**Program:** Hospital Accreditation  
**Standard:** PC.02.01.11   
**Standard Text:** Resuscitation services are available throughout the hospital.  
**Primary Priority Focus** Equipment Use  
**Area:**  
**Element(s) of Performance:**

2. Resuscitation equipment is available for use based on the needs of the population served.

Note: For example, if the hospital has a pediatric population, pediatric resuscitation equipment should be available. (See also EC.02.04.03, EPs 2 and 3)



### Scoring

**Category :** A  
**Score :** Insufficient Compliance

**Observation(s):**

## The Joint Commission Findings

### EP 2

Observed in Individual Tracer at Grandview Medical Center (1000 Highway 28, Jasper, TN) site.

In the ED main trauma room it was noted that two crash cart defibrillators and one T1 Zoll Adult defibrillator were not checked on May 5.

Observed in Tracer Activities at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site.

The documentation log was incomplete for the emergency crash cart used for the open heart patients. The log had no documentation of the crash cart being checked on the weekday of 5/6/14 or the weekend of 5/4/14.

---

**Chapter:** Provision of Care, Treatment, and Services

**Program:** Hospital Accreditation

**Standard:** PC.03.01.07

ESC 45 days

**Standard Text:** The hospital provides care to the patient after operative or other high-risk procedures and/or the administration of moderate or deep sedation or anesthesia.

**Primary Priority Focus Area:** Assessment and Care/Services

**Area:**

**Element(s) of Performance:**

7. For hospitals that use Joint Commission accreditation for deemed status purposes: A postanesthesia evaluation is completed and documented by an individual qualified to administer anesthesia no later than 48 hours after surgery or a procedure requiring anesthesia services.



### Scoring

**Category :** A

**Score :** Insufficient Compliance

### Observation(s):

EP 7

§482.52(b)(3) - (A-1005) - [The policies must ensure that the following are provided for each patient:]

(3) A postanesthesia evaluation completed and documented by an individual qualified to administer anesthesia, as specified in paragraph (a) of this section, no later than 48 hours after surgery or a procedure requiring anesthesia services. The postanesthesia evaluation for anesthesia recovery must be completed in accordance with State law and with hospital policies and procedures that have been approved by the medical staff and that reflect current standards of anesthesia care.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

During tracer activity on 4 East, in the chart of a patient who had undergone a right total hip replacement, it was noted that there was no 48 hour post operative anesthesia note as required by hospital policy. The surgery had been performed greater than 48 hours before this surveyor looked at the patient's chart.

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.

During tracer activity on a post surgical floor, in the chart of a patient who had undergone an incision and drainage of his left ankle, it was noted that there was no 48 hour post operative anesthesia note as required by hospital policy. The surgery had been performed greater than three days before this surveyor looked at the patient's chart.

## The Joint Commission Findings

**Chapter:** Record of Care, Treatment, and Services

**Program:** Hospital Accreditation

**Standard:** RC.01.01.01

ESC 60 days

**Standard Text:** The hospital maintains complete and accurate medical records for each individual patient.

**Primary Priority Focus** Information Management

**Area:**

**Element(s) of Performance:**

19. For hospitals that use Joint Commission accreditation for deemed status purposes: All entries in the medical record, including all orders, are timed.



### Scoring

**Category :** C

**Score :** Insufficient Compliance

### Observation(s):

EP 19

§482.24(c)(1) - (A-0450) - (1) All patient medical record entries must be legible, complete, dated, timed, and authenticated in written or electronic form by the person responsible for providing or evaluating the service provided, consistent with hospital policies and procedures.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

During tracer activity on 4 East, in the chart of a patient who had undergone a right total hip replacement, it was noted that the immediate post operative note by the surgeon was signed, dated, but not timed as required by hospital policy and CMS. There were several other entries in this medical chart (Medicare order form; order for PCA [patient controlled analgesia]; physician progress note) that were dated but not timed.

§482.24(c)(2) - (A-0450) - (2) All orders, including verbal orders, must be dated, timed, and authenticated promptly by the ordering practitioner or by another practitioner who is responsible for the care of the patient only if such a practitioner is acting in accordance with State law, including scope-of-practice laws, hospital policies, and medical staff bylaws, rules, and regulations.

This Standard is NOT MET as evidenced by:

Observed in Record Review at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

While review the medical record of a patient receiving services on 4 West it was noted that the anesthesia Resident had not entered the time of authentication on the post anesthesia evaluation.

Observed in Record Review at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

While reviewing the medical record of an oncology patient receiving services on 4 W it was noted that physician orders for blood cultures and an echo cardiogram did not include the time that the physician had authenticated the orders.

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.

77 year old female admitted to treat her recurrent bladder tumor. Coronary artery disease and bundle branch block was found during evaluation. The patient coded and was suspected to have aspirated some pills. The chart had two orders by Provider A on 5/10/14 and 5/12/14 that were signed but not timed and Provider B on 5/4/14 had two orders and 5/5/14 had a single order that were signed but not timed.

## The Joint Commission Findings

**Chapter:** Transplant Safety  
**Program:** Hospital Accreditation  
**Standard:** TS.03.01.01

ESC 60 days

**Standard Text:** The hospital uses standardized procedures for managing tissues.

**Primary Priority Focus Area:** Organizational Structure

**Element(s) of Performance:**

1. The hospital assigns responsibility to one or more individuals for overseeing the acquisition, receipt, storage, and issuance of tissues throughout the hospital.

Note: Responsibility for this oversight involves coordinating efforts to provide standardized practices throughout the hospital. A hospital may have a centralized process (one department responsible for the ordering, receipt, storage, and issuance of tissue throughout the hospital) or a decentralized process (multiple departments responsible for the ordering, receipt, storage, and issuance of tissue throughout the hospital).



**Scoring**

**Category :** A  
**Score :** Insufficient Compliance

**Observation(s):**

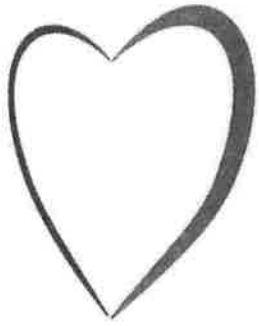
EP 1

Observed in Individual Tracer at Grandview Medical Center (1000 Highway 28, Jasper, TN) site.

During a tissue tracer in the OR it was noted that no specific individual had been assigned the responsibility for the acquisition, receipt, storage and issuance of tissues. Materials management received a request to order the tissue and they received the tissue and took the tissue to the OR. There was documentation that the tissue was received but there was no specific documentation for the process to manage the receipt, temperature, integrity, storage, and issuance of the tissue.

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## **SUPPORT LETTERS**



# DIAGNOSTIC CARDIOLOGY GROUP

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March 9, 2015

Ms. Melanie Hill  
Executive Director  
State of Tennessee  
Health Services & Development Agency  
Andrew Jackson Building, Ninth Floor  
502 Deadrick Street  
Nashville, TN 37243

**Re: Certificate of Need Application  
Parkridge Expansion**

Dear Ms. Hill:

I am writing this letter to state my support of the Certificate of Need application submitted by Parkridge Medical Center as referenced above.

I am a cardiologist with Diagnostic Cardiology Group and have practiced at Parkridge Medical Center since 1990. As an actively participating physician at Parkridge Medical Center I have extensive experience with the facility and the surgical services area.

Due to the age and condition of the facilities at Parkridge Medical Center, a major renovation is long overdue. The operating rooms are small and inefficient as compared to the operating rooms in competitor facilities. While the Parkridge Medical Center rooms were adequate for surgeries performed in the 1970's, they are not large enough to handle the equipment needs of a standard operating room using current technology. Aesthetically and functionally, the facility needs modernization that only a major renovation can provide.

I respectfully request this board grant approval for the Parkridge Expansion Project application for the reasons stated above.

Sincerely,

Theodore D. Richards, MD  
Diagnostic Cardiology Group

**PLAZA OFFICE**

2341 MCCALLIE AVENUE  
PLAZA III SUITE 200  
CHATTANOOGA, TN 37404  
(423) 629-4106  
FAX (423) 629-4116

CARDIOVASCULAR DISEASE  
THEODORE D. RICHARDS, M.D.  
SELCUK A. TOMBUL, D.O.

CARDIAC ELECTROPHYSIOLOGY  
TIMOTHY M. TALBERT, M.D.  
ANGELA H. SULLIVAN-BOWMAN,  
MSN, NP-C

M. CHRISTIAN ALLAN, M.D.  
LORA HAILEY, FNP-C

**PARKRIDGE EAST  
OFFICE**

935 SPRING CREEK ROAD  
SUITE 100  
CHATTANOOGA, TN 37412  
(423) 629-4106  
FAX (423) 499-2062

CARDIOVASCULAR DISEASE  
JOSHUA M. WILLIS, M.D.

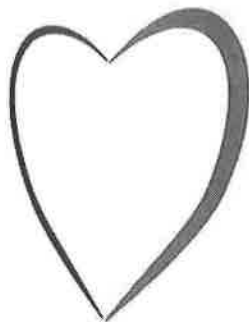
**NORTH GEORGIA  
OFFICE**

132 BATTLEFIELD  
CROSSING COURT  
RINGGOLD, GA 30736  
(706) 858-3988  
FAX (706) 858-9022

CARDIOVASCULAR DISEASE  
DANNIS E. HOOD, JR., M.D.

**RETIRED**

MARTIN S. MARTIN, M.D.



# DIAGNOSTIC CARDIOLOGY GROUP

---

March 12, 2015

Ms. Melanie Hill  
Executive Director  
State of Tennessee  
Health Services & Development Agency  
Andrew Jackson Building, Ninth Floor  
502 Deadrick Street  
Nashville, TN 37243

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CARDIOVASCULAR DISEASE  
DANNIS E. HOOD, JR., M.D.

**RETIRED**

MARTIN S. MARTIN, M.D.

**Re: Certificate of Need Application  
Parkridge Renovation and Expansion**

Dear Ms. Hill:

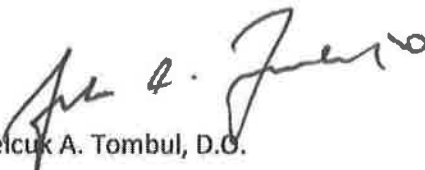
I am writing you today to show my support for the Parkridge Renovation and Expansion project application.

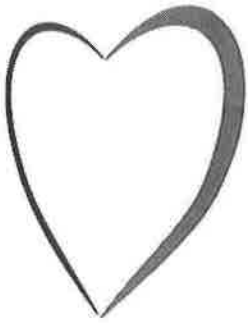
I am a cardiologist whose practice is based on the Parkridge main campus in the Plaza 3 Medical Office Building. The majority of my patients receive care at Parkridge Medical Center so I am very familiar with the building layout and procedure lab room set up. Unfortunately, this facility bears the characteristics of an outdated hospital because no major renovations have occurred since the hospital opened its doors in 1971.

This renovation and expansion project will undoubtedly create a more efficient and aesthetically pleasing environment for patients, physicians and visitors alike. With the number of cardiac procedures currently performed at Parkridge and those projected in the future, we believe these improvements are necessary and qualify as orderly development of community healthcare services.

Thank you in advance for your consideration and approval of the Parkridge expansion and renovation project.

Sincerely,

  
Selçuk A. Tombul, D.O.



# DIAGNOSTIC CARDIOLOGY GROUP

---

March 12, 2015

Ms. Melanie Hill  
Executive Director  
State of Tennessee  
Health Services & Development Agency  
Andrew Jackson Building, Ninth Floor  
502 Deadrick Street  
Nashville, TN 37243

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CARDIOVASCULAR DISEASE  
DANNIS E. HOOD, JR., M.D.

**RETIRED**

MARTIN S. MARTIN, M.D.

**Re: Certificate of Need Application  
Parkridge Renovation and Expansion**

Dear Ms. Hill:

I am writing you today to show my support for the Parkridge Renovation and Expansion project application.

I am a cardiologist whose practice is based on the Parkridge main campus in the Plaza 3 Medical Office Building. The majority of my patients receive care at Parkridge Medical Center so I am very familiar with the building layout and procedure lab room set up. Unfortunately, this facility bears the characteristics of an outdated hospital because no major renovations have occurred since the hospital opened its doors in 1971.

This renovation and expansion project will undoubtedly create a more efficient and aesthetically pleasing environment for patients, physicians and visitors alike. With the number of cardiac procedures currently performed at Parkridge and those projected in the future, we believe these improvements are necessary and qualify as orderly development of community healthcare services.

Thank you in advance for your consideration and approval of the Parkridge expansion and renovation project.

Sincerely,

Timothy M. Talbert, M.D.

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DAVIDSON


JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the best of the agent's knowledge.

  
SIGNATURE/TITLE  
CONSULTANT

Sworn to and subscribed before me this 12<sup>th</sup> day of March, 2015 a Notary  
(Month) (Year)

Public in and for the County/State of DAVIDSON



  
NOTARY PUBLIC

My commission expires July 2, 2018  
(Month/Day) (Year)

# **COPY SUPPLEMENTAL-1**

**Parkridge Medical Ctr.  
CN1503-007**

March 24, 2015  
8:00am

March 23, 2015

Phillip M. Earhart, HSD Examiner  
Tennessee Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: CON Application #1503-007  
Parkridge Medical Center Ancillary Expansion

Dear Mr. Earhart:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. **Section B, Project Description, Item II.A**
  - a. **Please provide the square footage and costs per square footage chart referenced in Attachment B.II.A.**

The chart is attached following this page.

- b. **This project includes both new construction and renovation. The overall construction cost for the new construction is \$320.00 PSF which is closer to the 3rd quartile cost for new construction of \$324.00 PSF rather than the median new construction cost of \$274.63 PSF. Is the higher cost related to the type of construction required in certain departments within the hospital? Please explain.**

One factor is that the costs of the new construction will be incurred beginning in mid-CY2017, whereas the HSDA quartile cost averages are of CY2011-2013 costs. It is logical that a 2017 cost will be higher due to four or more years of price inflation for labor and materials.

A second factor is that the new construction has to tie in to the front of the hospital at its main entrance, and be integrated with renovated reception, admitting, and PAT functions within the existing building. This sort of work requires careful staging for traffic, parking, and internal patient flow, which increases construction time and labor cost.

**March 24, 2015  
8:00am**

Page Two  
March 23, 2015

The third factor is the type of space involved in new construction. The new construction is entirely in the one-story addition on the front of the hospital, most of which is for Imaging, which is expensive space to construct in terms of shielding, etc.

A fourth factor is that the wing is being constructed with a foundation and with mechanical systems that will allow for future vertical expansion up to five stories, which of course is more costly than for a one-story structure.

**2. Section B, Project Description, Item II.D.**

**It is noted on page 14 the main building of Parkridge was constructed almost 50 years ago. However, on page 5 of the Executive Summary it notes the main building was licensed 23 years ago. Please clarify.**

The Executive Summary used the Licensure website information indicating that Parkridge's date of "first licensure" was in 1992, which is 23 years ago. Further research confirms that the main building at Parkridge was opened in 1971, approximately 44 years ago.

Attached following this page are revised pages 5R and 14R reflecting the correct age of the building.

**3. Section C, Need, Item 5**

Please complete the following Service Area Historical Utilization tables for the latest three year Joint Annual Reporting period.

	2011			2012			2013			% Increase 2011-13
Hospital	Beds	Days	Occ'y	Beds	Days	Occ'y	Beds	Days	Occ'y	
Parkridge Medical Center	275	39539	39.4%	275	40134	40.0%	275	39074	38.9%	- 0.5%
Erlanger Medical Center	690	127193	50.5%	690	138031	54.8%	688	126381	50.3%	- 0.2%
Memorial Healthcare System	336	99911	81.5%	336	99485	81.1%	336	95924	78.2%	- 3.3%
Total	1301	266643	56.2%	1301	277650	58.5%	1299	261379	55.1%	- 1.0%

	2011		2012		2013		% Increase 2011-13
Hospital	Dedicated OR's	# Open Heart Surgeries	Dedicated OR's	# Open Heart Surgeries	Dedicated OR's	# Open Heart Surgeries	
Parkridge Medical Center	2	275	2	308	2	246	- 11.8%
Erlanger Medical Center	2	256	2	250	2	245	- 4.5%
Memorial Healthcare System	3	794	3	808	4	737	- 7.7%
Total	7	1325	7	1366	8	1228	- 7.9%

**March 24, 2015  
8:00am**

Page Four  
March 23, 2015

**4. Section C, Economic Feasibility Item 1 (Project Costs Chart)**

**The amount of \$8,023,966 allocated to Moveable Equipment in the Project Costs Chart is noted. Please list each piece of equipment costing in excess of \$50,000 by name and cost.**

Following this page is a list of the equipment costing in excess of \$50,000.

**5. Section C, Economic Feasibility, Item 6.B.**

**It is noted TriStar Parkridge Medical Center is listed as providing 39,074 inpatient days in 2013 in table 11 on page 44. However, the historical data chart on page 39 list 38,997 days in 2013. Please clarify.**

Attached after the equipment list following this page is revised page 39R, the corrected Historic Data Chart, with admissions and days corrected. It is now consistent with the Joint Annual Reports from which table Eleven data were taken.

**6. Section C, Economic Feasibility, Item 9**

**Table thirteen providing Medicare and TennCare/Medicaid percent of Gross Revenue is noted. However, please extend the percentages one additional decimal point since the applicant is providing figures approaching 1 billion dollars.**

Attached after revised page 39R following this page is revised page 48R with the Table Thirteen percentages extended to two decimal points.

March 24, 2015  
8:00am

Page Five  
March 23, 2015

**7. Section C., Contribution to Orderly Development, Item 1**

**a. Your response is noted. Other than managed care organizations, please list health care providers or organizations the applicant has or plans to have contractual and/or working agreements with, and transfer agreements with hospitals in the applicant's declared service area.**

<b>Organization</b>	<b>Facility Type</b>	<b>Type of Agreement</b>
Erlanger Health System	Hospital	Transfer
Hamilton Medical Center, Inc.	Hospital	Transfer
Healthsouth Chattanooga Rehabilitation Hospital	Rehabilitation Hospital	Transfer
Memorial Hospital Testing and Therapeutic Services	Hospital	Transfer
NHC Healthcare Chattanooga	Skilled Nursing Facility	Working
Life Care Center of Hixson	Skilled Nursing Facility	Working
Health Center at Standifer Place	Skilled Nursing Facility	Working
St. Barnabas at Siskin Hospital	Skilled Nursing Facility	Working
Consulate Health Care of Chattanooga	Skilled Nursing Facility	Working
Alexian Village of Tennessee	Skilled Nursing Facility	Working
Life Care Center of Collegedale	Skilled Nursing Facility	Working
Senior Saint's Home	Skilled Nursing Facility	Working
Life Care Center of East Ridge	Skilled Nursing Facility	Working
Davis Retirement Home	Skilled Nursing Facility	Working
Life Care Center of Ooltewah	Skilled Nursing Facility	Working
Soddy Daisy Health Care Center	Skilled Nursing Facility	Working
Elm Croft	Assisted Living	Working
Friendship Haven	Assisted Living	Working
Parkwood Retirement Apartments	Assisted Living	Working
The Lantern at Morning Pointe	Assisted Living	Working
Elmcroft at Chattanooga	Assisted Living	Working
Hickory Valley Retirement Center	Assisted Living	Working
Southern Living Homes	Assisted Living	Working
Wellington Place of Hixson	Assisted Living	Working
Elmcroft of Hamilton Place Assisted Living	Assisted Living	Working
Morning Point of Chattanooga	Assisted Living	Working
Terrace at Mountain Creek	Assisted Living	Working

**March 24, 2015  
8:00am**

Page Six  
March 23, 2015

**b. There appears to be a typographical error in referencing another HCA owned hospital other than the applicant in the response. Please revise and submit a replacement page.**

Attached following this page is a revised page 50R with that name corrected.

**Additional Items From the Applicant**

Attached at the end of this response letter are additional medical staff support letters.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully,

A handwritten signature in cursive script that reads "John Wellborn". The signature is written in dark ink and is positioned above the printed name and title.

John Wellborn  
Consultant

**March 24, 2015  
8:00am**

**CHATTANOOGA  
BONE AND JOINT  
SURGEONS**

Chattanooga Bone and  
Joint Surgeons, P.C.

Specialists in Orthopaedic  
Surgery and Sports  
Medicine

Martin H. Redish, MD  
David Bruce, MD  
Peter J. Lund, MD  
David M. Lowry, DO  
Jeremy Bruce, MD  
Benji Miller, MD  
Ryan Gilliland, PA-C

In Memoriam  
Bruce Short, MD

Main Office & Mailing  
Address:

1809 Gunbarrel Road  
Suite 101  
Chattanooga, TN 37421

2205 McCallie Avenue  
Suite 102  
Chattanooga, TN 37404

Phone  
423-893-9020

Billing  
423-648-0250

Fax  
423-893-9040

cbjsonline.com

March 2, 2015

Ms. Melanie Hill  
Executive Director  
State of Tennessee  
Health Services & Development Agency  
Andrew Jackson Building, Ninth Floor  
502 Deadrick Street  
Nashville, TN 37243

**Re: Certificate of Need Application  
Parkridge Expansion**

Dear Ms. Hill:

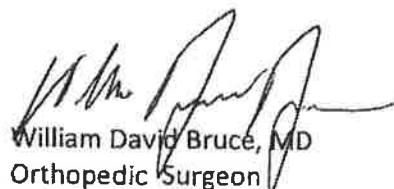
I am writing this letter to state my support of the Certificate of Need application submitted by Parkridge Medical Center as referenced above.

I am an orthopedic surgeon with Chattanooga Bone and Joint Surgeons and have practiced at Parkridge Medical Center for the past 17 years. As an actively participating physician at Parkridge Medical Center I have extensive experience with the facility especially in the surgical services area.

Due to the age and condition of the facilities at Parkridge Medical Center, a major renovation is long overdue. The operating rooms are small and inefficient as compared to the operating rooms in competitor facilities. While the Parkridge Medical Center rooms were adequate for surgeries performed in the 1970's, they are not large enough to handle the equipment needs of a standard operating room using current technology (e.g., C-arm imaging system). Aesthetically and functionally, the facility needs modernization that only a major renovation can provide.

I respectfully request this board grant approval for the Parkridge Expansion Project application for the reasons stated above.

Sincerely,

  
William David Bruce, MD  
Orthopedic Surgeon

**March 24, 2015  
8:00am**

March 10, 2015

Ms. Melanie Hill  
Executive Director  
State of Tennessee  
Health Services & Development Agency  
Andrew Jackson Building, Ninth Floor  
502 Deadrick Street  
Nashville, TN 37243

**Re: Certificate of Need Application  
Parkridge Expansion**

Dear Ms. Hill:

Please consider this letter as an indication of my support for the Parkridge Renovation and Expansion project.

As a colorectal surgeon I am very familiar with the current size and condition of the operating rooms at the Parkridge Main Campus. They are easily described as small and the layout is fairly inefficient as compared to other operating suites found in neighboring Chattanooga facilities.

Considering the hospital opened its doors in 1971, exciting technologies have emerged and practice standards have greatly improved. Unfortunately, the circa 1970's operating rooms and the physical plant at the Parkridge Main Campus haven't kept pace with these changes. While complex surgical cases are routinely performed in the operating rooms at Parkridge, the smaller rooms and the outdated layout do not provide the optimal environment for operating suites and patient throughput.

Your approval of this project will undoubtedly improve the environment of care for the surgical procedures I perform and ultimately improve the health of my patients. Thank you in advance for your consideration and approval of the Parkridge expansion and renovation project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shauna', with a large, stylized loop at the end.

Shauna Lorenzo-Rivero, MD

**March 24, 2015  
8:00am**



March 10, 2015

Ms. Melanie Hill  
Executive Director  
State of Tennessee  
Health Services & Development Agency  
Andrew Jackson Building, Ninth Floor  
502 Deadrick Street  
Nashville, TN 37243

**Re: Certificate of Need Application  
Parkridge Expansion**

Dear Ms. Hill:

I am writing this letter to state my support of the Certificate of Need application submitted by Parkridge Medical Center as referenced above.

I am an orthopaedic spine surgeon with Spine Surgery Associates and have practiced at Parkridge Medical Center for the past 24 years. As an actively participating physician at Parkridge Medical Center I have extensive experience with the facility especially in the surgical services area.

Due to the age and condition of the facilities at Parkridge Medical Center, a major renovation is long overdue. The operating rooms are small and inefficient as compared to the operating rooms in competitor facilities. While the Parkridge Medical Center rooms were adequate for surgeries performed in the 1970's, they are not large enough to handle the equipment needs of a standard operating room using current technology (e.g., C-arm imaging system). Aesthetically and functionally, the facility needs modernization that only a major renovation can provide.

I respectfully request this board grant approval for the Parkridge Expansion Project application for the reasons stated above.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Pearce".

Richard G. Pearce, MD

**March 24, 2015  
8:00am**



March 10, 2015

Ms. Melanie Hill  
Executive Director  
State of Tennessee  
Health Services & Development Agency  
Andrew Jackson Building, Ninth Floor  
502 Deadrick Street  
Nashville, TN 37243

**Re: Certificate of Need Application  
Parkridge Expansion**

Dear Ms. Hill:

I am writing this letter to state my support of the Certificate of Need application submitted by Parkridge Medical Center as referenced above.

I am Jay Jolley, MD with Southeastern Spine, PLLC and have practiced at Parkridge Medical Center for the past 11 years. As an actively participating physician at Parkridge Medical Center I have extensive experience with the facility especially in the surgical services area.

Due to the age and condition of the facilities at Parkridge Medical Center, a major renovation is long overdue. The operating rooms are small and inefficient as compared to the operating rooms in competitor facilities. While the Parkridge Medical Center rooms were adequate for surgeries performed in the 1970's, they are not large enough to handle the equipment needs of a standard operating room using current technology (e.g., C-arm imaging system). Aesthetically and functionally, the facility needs modernization that only a major renovation can provide.

I respectfully request this board grant approval for the Parkridge Expansion Project application for the reasons stated above.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay Jolley".

Jay Jolley, MD

**March 24, 2015  
8:00am**

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

PARK RIDGE MEDICAL CENTER

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.



John L. Wellborn  
Signature/Title  
CONSULTANT

Sworn to and subscribed before me, a Notary Public, this the 23<sup>RD</sup> day of March, 2015,  
witness my hand at office in the County of DAVIDSON, State of Tennessee.

Jan M. Danforth  
NOTARY PUBLIC

My commission expires July 2, 2018.

# **COPY SUPPLEMENTAL-2**

**Parkridge Medical Ctr.  
CN1503-007**

March 26, 2015

Phillip M. Earhart, HSD Examiner  
Tennessee Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: CON Application #1503-007  
Parkridge Medical Center Ancillary Expansion

Dear Mr. Earhart:

This letter responds to your second request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

**1. Section B, Project Description, Item II.A**

**a. The requested square footage and costs per square footage chart referenced in Attachment B.II.A is noted. Please total all columns and resubmit.**

The architect has revised the chart. It is attached following this page. The appropriate columns have been totaled. Its costs match those set forth in the other tables and narrative in the application.

**b. What is the total cost PSF for the proposed project? How does it compare to other hospital projects for the years 2011-2013 as listed on the following HSDA web-site?:**

The total construction cost PSF is \$240.86 PSF. It is shown in Table Two-B on page 9 of the submitted application and on the revised Cost Per Square Foot Chart. It is compared to the referenced HSDA data on page 12 of the application. Parkridge's overall cost is below the \$274.63 PSF cost of the third quartile of hospital construction projects.

**2. Section C, Need, Item 5**

**a. The requested two Service Area Historical Utilization tables for the latest three year Joint Annual Reporting period on page 3 of the supplemental response is noted. However, please verify the "% increase 2011-13" column, and resubmit if needed.**

PARKRIDGE MEDICAL CENTER  
EXPANSION PROJECT

© 2004 Blackwell Publishing Ltd, *Journal of Internal Medicine* 255: 103–110

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost / SF		
					Renovated	New	Total	Renovated \$184.32/S.F.	New \$320/S.F.	Total \$240.86/S.F.
Surgery	2nd	31,932		2nd	38,711		38,711	\$7,135,403.82		\$7,135,403.82
Imaging	1st/2nd	10,708		1st		573	16,966	\$105,617.08	\$5,425,920.00	\$5,531,537.08
Cath Labs	2nd	9,354		2nd		14,240	2,558	\$2,624,759.52	\$818,560.00	\$3,443,319.52
Pharmacy	1st	2,384		1st		113	2,835	\$20,828.50	\$907,200.00	\$928,028.50
Laboratory	2nd	5,715		2nd			6,962		\$2,227,840.00	\$2,227,840.00
Registration/PAT	1st	2,477		1st		412	9,302	\$75,941.08	\$2,976,640.00	\$3,052,581.08
(mechanical, electrical and circulation are in Departmental SF and costs)										
B. Univ/Dept. GSF Sub-Total		62,580				54,049	38,613	\$9,962,550.00	\$12,356,160.00	\$22,318,710.00
C. Mechanical / Electrical GSF										
D. Circulation / Structure GSF										
E. Total GSF		62,580				54,049	38,613	\$9,962,550.00	\$12,356,160.00	\$22,318,710.00

Below are the corrected tables.

	2011			2012			2013			% Increase 2011-13
Hospital	Beds	Days	Occ'y	Beds	Days	Occ'y	Beds	Days	Occ'y	
Parkridge Medical Center	275	39539	39.4%	275	40134	40.0%	275	39074	38.9%	- 1.2%
Erlanger Medical Center	690	127193	50.5%	690	138031	54.8%	688	126381	50.3%	- 0.6%
Memorial Healthcare System	336	99911	81.5%	336	99485	81.1%	336	95924	78.2%	- 4.0%
Total	1301	266643	56.2%	1301	277650	58.5%	1299	261379	55.1%	- 2.0%

	2011		2012		2013		Change 2011-13
Hospital	Dedicated OR's	# Open Heart Surgeries	Dedicated OR's	# Open Heart Surgeries	Dedicated OR's	# Open Heart Surgeries	
Parkridge Medical Center	2	275	2	308	2	246	- 10.5%
Erlanger Medical Center	2	256	2	250	2	245	- 4.3%
Memorial Healthcare System	3	794	3	808	4	737	- 7.2%
Total	7	1325	7	1366	8	1228	- 7.3%

Page Three  
March 26, 2015

**b. Please complete the following chart which reflects Parkridge's 2013 surgical cases by specialty.**

Surgical Cases		
Medical Specialty	# Cases 2013*	# Cases 2014
OB/GYN	549	558
Plastic Surgery	103	117
Urology	405	433
ENT	90	85
Ophthalmology	6	6
Cardiovascular	669	625
Endovascular	631	564
Orthopedic	3745	3675
Oral Surgery	58	50
Other	4338	4510
Total	10594	10623

*\* The applicant's 2013 Joint Annual Report was found to be in error; the applicant is amending it to reflect the above total cases. A copy will be provided to the HSDA.*

Please note the relatively high percent of surgeries that are orthopedic-- 42.5% in CY2014. Parkridge employs a spine surgery physician group, Spine Surgery Associates. The hospital is recognized as a BCBST Blue Distinction Center of Excellence for knee and hip replacement, for its expertise and efficiency in orthopedic care. Many local orthopedic surgeons prefer this hospital's orthopedic surgical teams, its experienced floor care nurses, and post-surgical therapeutic and rehabilitation services. In addition, the campus plan offers great ease of access for physicians and patients.

### 3. Section C, Need, Item 6

**Table Four of Parkridge Medical Center's weighted Catheterization cases are noted. However, the data appears to not match Parkridge's Hospital Discharge Data that was provided by the Tennessee Department of Health to Erlanger Health System in the Certificate of Need application, Erlanger Health System, CN1502-005 (attached). Please clarify the differences in the following table:**

Page Four  
March 26, 2015

State Health Plan 2011-2013									
Diagnostic Total	Service Categories								
	CC			PV			EP		
3,806.0	3,198			54			554		
Therapeutic Total	CC			PV			EP		
	4,949			896			3,477		
Diagnostic Total	Service Categories								
	CC			PV			EP		
Weighted	2011	2012	2013	2011	2012	2013	2011	2012	2013
Average	1368	1,600	1,475				480	508	434
	1,481						474		
Therapeutic Total	CC			PV			EP		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Weighted	1,598	2,056	1,730				2,724	3,252	2,684
Average	1,795						2,887		

The applicant's table did not include in the original application all of the diagnostic and therapeutic cardiac procedures that appear to be captured in the State Health Plan methodology.

Therefore the applicant wishes to replace pages 16 and 17 of the application with revised pages 16R and 17R, attached after this page. They document the need using the TDH Discharge Data System data. That new data indicates that the two cardiac laboratories are used at 102% of the State Health Plan efficiency standard. Also attached after this page is revised page 6R (Executive Summary) reflecting the use of the new data.

Page Four  
March 26, 2015

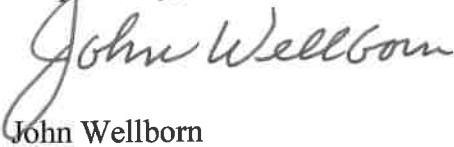
**4. Section C, Economic Feasibility, Item 4**

**Why is there negative interest in the Historical and Projected Data Charts under capital expenditures?**

The applicant's CFO explains that this amount represents positive interest income, which will add to the net operating income. Because the State Form used the label "Capital Expenditures", the entries were enclosed with parentheses to ensure that they were added to, not subtracted from, Net Operating Income.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully,

A handwritten signature in cursive script that reads "John Wellborn".

John Wellborn  
Consultant

Page Five  
March 26, 2015

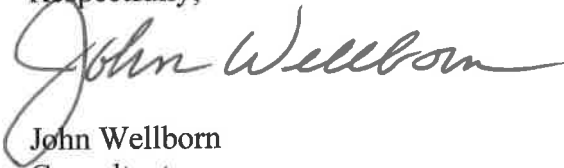
**4. Section C, Economic Feasibility, Item 4**

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The applicant's CFO explains that this amount represents positive interest income, which will add to the net operating income. Because the State Form used the label "Capital Expenditures", the entries were enclosed with parentheses to ensure that they were added to, not subtracted from, Net Operating Income.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully,

A handwritten signature in cursive script that reads "John Wellborn". The signature is written in dark ink and is positioned above the printed name and title.

John Wellborn  
Consultant

MAR 27 10 12 AM '15  
SUPPLEMENTAL

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

PARKRIDGE MEDICAL CENTER

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.



John Wellborn  
Signature/Title  
CONSULTANT

Sworn to and subscribed before me, a Notary Public, this the 26<sup>th</sup> day of March, 2015, witness my hand at office in the County of DAVIDSON, State of Tennessee.

[Signature]  
NOTARY PUBLIC

My commission expires July 2, 2018.

Radiology  
Fluoroscopy  
Diagnostic Ultrasound  
Computer Tomography  
Bone Mineral Density  
Open MRI  
MRI High Field



# Associates in Diagnostic Radiology, P C

MAR 27 '15 4:10:09

Screening Mammography  
Diagnostic Mammography  
Breast Ultrasound  
Nuclear Radiology  
Nuclear Cardiology  
PET/CT

1710 Gunbarrel Road • Chattanooga, TN 37421 • (423) 553-1234

March 13, 2015

Ms. Melanie Hill  
Executive Director  
Health Services and Development Agency  
Andrew Jackson Building  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, TN 37243

In Re: CON Request of Need Application-Parkridge Expansion, Chattanooga, TN

Dear Ms. Hill:

I am writing this letter to state my support of the Certificate of Need application submitted by Parkridge Medical Center as referenced above.

I am a Radiologist practicing with Associates in Diagnostic Radiology, PC., and have practiced at Parkridge Medical Center for the last 9 years. As President of the radiology group and an actively participating physician at Parkridge Medical Center, I have extensive experience with the facility, including the surgical services area.

Due to the age and condition of the facilities at Parkridge Medical Center, a major renovation is long overdue. The operating rooms are small and inefficient as compared to the operating rooms in competing facilities. While Parkridge Medical Center rooms were adequate for surgeries performed in the 1970's, they are not large enough to handle the equipment needs of a standard operating room using current technology (e.g., C-arm imaging system). Aesthetically and functionally, the facility needs modernization that only a major renovation can provide.

I respectfully request this board grant approval for the Parkridge Expansion Project application for the reasons stated above.

Sincerely,

Martin D. Simms, M.D.  
President

ASSOCIATES IN DIAGNOSTIC RADIOLOGY, P.C.

Trey M. Carr III, M.D.   John T. Johnston, M.D.   Clyde A. Kyle, III, M.D.   Lee M. Lefler, M.D.  
James A. Loyd, M.D.   James A. Martin, M.D.   John O. Nunes, M.D.   Larry H. Paul, M.D.  
Martin D. Simms, M.D.   Avi M. Sud, M.D.   Mark A. Talley, M.D.   Gregory L. Verville, M.D.



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

---

April 1, 2015

John Wellborn  
Development Support Group  
4219 Hillsboro Road Suite 210  
Nashville, TN 37215

RE: Certificate of Need Application -- Parkridge Medical Center - CN1503-007

The application proposes to remodel and expand floor space of several patients care and support departments, including the addition of a cardiac catheterization laboratory and a bone densitometry unit. The project does not include the addition of major medical equipment, initiation or discontinuance of any covered health care services, or affect the hospital's bed complement. The service area is Hamilton, Marion, Sequatchie, and Rhea Counties in Tennessee, and Walker and Catoosa Counties in Georgia. Project cost is \$61,459,477.00

Dear Mr. Wellborn:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need.

Please be advised that your application is now considered to be complete by this office. Your application is being forwarded to the Tennessee Department of Health and/or its representative for review.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on April 1, 2015. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on June 24, 2015.

John Wellborn  
4219 Hillsboro Road Suite 210  
March 1, 2014  
Page 2

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Melanie M. Hill". The signature is fluid and cursive, with the first name "Melanie" being more prominent than the last name "Hill".

Melanie M. Hill  
Executive Director

cc: Trent Sansing, CON Director, Division of Health Statistics



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

---

#### MEMORANDUM

TO: Trent Sansing, CON Director  
Office of Policy, Planning and Assessment  
Division of Health Statistics  
Andrew Johnson Tower, 2nd Floor  
710 James Robertson Parkway  
Nashville, Tennessee 37243

FROM: Melanie M. Hill  
Executive Director

DATE: April 1, 2015

RE: Certificate of Need Application  
Parkridge Medical Center - CN1503-007

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on April 1, 2015 and end on May 1, 2015.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: John Wellborn

**HEALTH SERVICES AND DEVELOPMENT AGENCY  
JUNE 24, 2015  
APPLICATION SUMMARY**

NAME OF PROJECT: Parkridge Medical Center

PROJECT NUMBER: CN1503-007

ADDRESS: 2333 McCallie Avenue  
Chattanooga (Hamilton County), TN 37404

LEGAL OWNER: Parkridge Medical Center, Inc.  
2333 McCallie Avenue  
Chattanooga (Hamilton County), TN 37404

OPERATING ENTITY: Not Applicable

CONTACT PERSON: John Wellborn  
(615) 665-2022

DATE FILED: March 12, 2015

PROJECT COST: \$61,459,477

FINANCING: Cash Reserves

PURPOSE FOR FILING: Major construction with expenditures greater than 5 million dollars

DESCRIPTION:

Parkridge Medical Center (PMC), a 275 bed acute care hospital operating under the consolidated 551 bed license of its owner, Parkridge Medical Center, Inc., is seeking approval to remodel and expand floor space of several patient care and support departments, and to acquire an additional cardiac catheterization laboratory and bone densitometry unit on its main campus at 2333 McCallie Avenue, Chattanooga (Hamilton County), TN 37404. The proposed project totals 92,662 total square feet, of which includes 54,049 square feet of renovated construction and 38,613 square feet of new construction.

## SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

### **CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS**

#### **3. For renovation or expansion of an existing licensed healthcare institution:**

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.**

*Parkridge's total surgical cases are projected to increase 5.5% from 10,684 in 2012 to 11,273 in Year 1 (2017-Phase 1) of the proposed project.*

*Currently Parkridge operates 2 laboratories for diagnostic and therapeutic cardiac catheterizations, and 2 laboratories for electrophysiology (EP) studies. The following table indicates Parkridge Medical Center's 2 diagnostic and therapeutic cardiac catheterization labs were operating at 102% of capacity from 2011-2013 and is 46% above the utilization threshold to justify additional cardiac catheterization services.*

	Diagnostic Cardiac Volume	Therapeutic Cardiac Volume	Total Cardiac Volume	100% Capacity (2 Labs)	% of capacity (2,000 cases per lab)
Weighted Volume	3,198	896	4,094	4,000	*102%

*Source: CN1503-007 based on TDH Calculations of weighted Cases 2011-2013*

*\*Excludes EP studies and Peripheral Procedures.*

*It appears that this criterion has been met.*

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.**

*The project updates and expands several patient care and support departments in both renovated and new space. Operating rooms need to be enlarged and surgical support areas need to be realigned and upgraded. Imaging will be relocated as a result of the OR expansion which will require construction of new space on the front of the hospital. Medical Departments are being relocated to make maximum use of existing space. There is not any existing vacant space left in the hospital to accommodate services (imaging, pharmacy, registration) that are planned to be located in new construction on the 1<sup>st</sup> floor. Please refer to Table Two-D on page 10 of the original application for proposed changes in hospital departments.*

*It appears that this criterion has been met.*

**PARKRIDGE MEDICAL CENTER**

**CN1503-007**

**JUNE 24, 2015**

**PAGE 2**

## **Staff Summary**

*The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.*

Parkridge Medical Center was constructed 44 years ago; houses six departments that currently need to expand or relocate within the existing main campus. The six departments include 3 patient care departments (surgery, imaging, and catheterization services) and 3 support departments (registration, pharmacy, and laboratory). The only patient care department that is gaining any significant treatment capacity is the cardiac catheterization area, where one laboratory will be added to the four laboratories that now exist. The other 2 patient care departments will not increase treatment capacity (except for the addition of a bone densitometry unit to the imaging department).

The proposed project will consist of 2 phases of construction. Phase I is anticipated to be complete in March 2017 and Phase II in May 2019. Please refer to the Project Completion Chart on page 61 for additional details.

***Note to Agency Members: If approved, Parkridge Medical Center has requested an extended expiration date of five years, which is two years beyond the normal expiration date for hospital projects.***

The following is a brief overview detailing the proposed changes and location for each of the six departments.

### Patient Care Departments

- 1) Surgery-Planned to remain on the hospital 2<sup>nd</sup> floor and will enlarge four of its 13 operating rooms to meet the needs of current surgical teams and equipment. The four OR's will increase from 415 SF to 625 SF. The other 9 ORs will be updated but not enlarged. Surgery also needs to add stations to its Post-Anesthesia Care Unit (PACU) and to reconfigure and improve support areas. The PACU will increase from 13 to 16 stations. Please refer to table Two-C on page 9 regarding the proposed OR changes.
- 2) Imaging-The relocation of the entire imaging department (currently located next to the surgery department on the 2<sup>nd</sup> floor) will be needed as a result of the expansion of the surgery department. The imaging department will be relocated from the 2<sup>nd</sup> floor to a newly constructed 1<sup>st</sup> floor addition on the front of the hospital. An existing MRI and CT located on the 2<sup>nd</sup> floor will be relocated to the 1<sup>st</sup> floor as well as the addition of a bone densitometry unit.

**PARKRIDGE MEDICAL CENTER**

**CN1503-007**

**JUNE 24, 2015**

**PAGE 3**

- 3) Catheterization Services-Will remain on the 2<sup>nd</sup> floor. A fifth catheterization lab will be added. The catheterization recovery unit will expand from 7 to 21 stations.

#### Support Departments

- 1) Registration-The registration area will remain on the 1<sup>st</sup> floor and will increase from 2,477 SF to 6,412 SF.
- 2) Pharmacy-The pharmacy department currently located on the 2<sup>nd</sup> floor will relocate to the 1<sup>st</sup> floor and is proposed to increase from 2,394 SF to 2,948 SF.
- 3) Laboratory-The laboratory currently located in 5,715 SF of 2<sup>nd</sup> floor main hospital space will relocate to 6,412 SF of 2<sup>nd</sup> floor adjoining medical office space.

Please refer to Table Two-D on page 10 of the original application regarding proposed changes in hospital departments.

#### **Ownership**

Parkridge Medical Center, Inc. is a subsidiary of Hospital Corporation of America (HCA). As noted, the owner operates 4 hospitals in Chattanooga and a satellite hospital in Jasper, TN, under the same or consolidated 621 acute care bed license. Related highlights pertaining to the ownership of the applicant are as follows:

- Parkridge Medical Center is 100 percent owned by Hospital Corp., LLC, whose parent organization is (through several corporate entities) is HCA, Inc. of Nashville, Tennessee.
- HCA is composed of locally owned facilities that include approximately 190 hospitals and 82 outpatient surgery centers in 23 states, England and Switzerland.
- The applicant is part of the locally managed HCA, Inc. which operates 14 hospitals and several surgery and imaging centers in Tennessee. An organizational chart is enclosed in Attachment A.4.

#### **Facility Information**

The current licensed bed complement of the PMC main hospital at 2333 McCallie Avenue in Chattanooga consists of 275 licensed hospital beds as follows: 239 medical, 24 ICU/CCU, and 12 rehabilitation beds. Of PMC's 275 licensed beds, 166 beds are presently staffed. Review of the Joint Annual Report revealed that 166 beds were staffed in calendar year (CY) 2013. Based on 39,074 total patient discharge days, the licensed and staffed hospital bed occupancy of the main hospital was 39% and 64%, respectively, during the period. According to the Department of Health and pertaining to the Joint Annual Reports, the following defines the two bed categories:

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*Licensed Beds- The maximum number of beds authorized by the appropriate state licensing (certifying) agency or regulated by a federal agency. This figure is broken down into adult and pediatric beds and licensed bassinets (neonatal intensive or intermediate care bassinets). Staffed Beds-The total number of adult and pediatric beds set up, staffed and in use at the end of the reporting period. This number should be less than or equal to the number of licensed beds.*

Parkridge Medical Center, Inc., the owner of Parkridge Medical Center (PMC) holds a consolidated license for 5 facilities containing a combined total of 621 acute care beds. The applicant is considered the main hospital located on a 24.2 acre campus at 2333 McCallie Avenue in Chattanooga. The 4 satellite campus facilities of PMC are as follows:

- Parkridge East Hospital has 128 general hospital beds and is located 5 miles from PMC at 941 Spring Creek Road
- Parkridge Valley Hospital has 84 child and adolescent psychiatric beds and is located 11 miles from PMC at 2200 Morris Hill Road
- Parkridge Valley Adult Services, the former Cumberland Hall mental health hospital prior to its acquisition by PMC, Inc. in 2012, has 64 adult and geriatric psychiatric beds and is located 3 miles from PMC at 7351 Courage Way in Chattanooga.
- Parkridge West Hospital, the former Grandview Medical Center prior to its acquisition by PMC, Inc. in March 2014, has 70 general hospital beds and is located 28 miles from PMC at 1000 Highway 28 in Jasper, TN,

### **Project Need**

The applicant states the proposed project is needed for the following reasons:

- Parkridge Medical Center's 2 diagnostic and therapeutic cardiac catheterization labs are operating at 102% of utilization capacity and is 46% above the utilization threshold to justify additional cardiac services.
- In the 2<sup>nd</sup> floor surgery department, the operating rooms need to be enlarged or updated, the recovery area needs to be enlarged; and surgical support areas need to be realigned and upgraded.
- New construction is needed on the first floor to include a new hospital entrance, registration, preadmission testing, imaging, and pharmacy areas that will be displaced as a result of the surgical department upgrades.

### **Service Area Demographics**

Parkridge Medical Center's declared primary service area (PSA) includes Hamilton, Marion, Meigs, Rhea and Sequatchie Counties in Tennessee and Catoosa and Walker Counties in Georgia.

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- As noted in the TDH project summary, the total population of the Tennessee portion of the service area is estimated at 426,938 residents in CY 2015 increasing by approximately 1.9% to 435,086 residents in CY 2019.
- The overall Tennessee statewide population is projected to grow by 3.7% from 2015 to 2019.
- Residents age 65 and older account for approximately 17% of the total TN service area population compared to 15.2% statewide.
- The age 65 and older resident population is expected to increase by 10.8% compared to 12.0% statewide from CY2015 - CY2019.
- The number of residents enrolled in TennCare ranges by county from 17.6% to 24.4% of the total service area population compared to 19.9% statewide.

### Historical and Projected Utilization

The following utilization table reflects the following:

- Erlanger Medical Center's main campus experienced the greatest increase of diagnostic catheterization cases from 1,974 in 2011 to 2,284 in 2013, a 15.7% increase. EMC also experienced a decrease in therapeutic catheterization cases from 1,333 in 2011 to 985 in 2013, a 26.1% decrease.
- Two out of three providers experienced a decrease in therapeutic catheterization cases ranging from 9.3% to 26.1%. Out of the three cardiac care providers, Parkridge Medical Center was the only provider that experienced an increase in therapeutic catheterization cases from 1,478 in 2011 to 1,675 in 2013, a 13.3% increase.
- Overall, all three providers experienced a decrease in open heart surgeries from 1,325 in 2011 to 1,228 in 2013, a 7.3% decrease.
- Only Memorial Hospital (737 open heart surgeries) met the current service area utilization standards of performing at least 300 adult open heart surgery cases per year.

### Cardiac Care Service Area Provider Utilization 2011-2013

Provider Name	Diagnostic Cath Cases				Therapeutic Cath Cases				Open Heart Surgeries			
	2011	2012	2013	% Chng	2011	2012	2013	% Chng	2011	2012	2013	% Chng
Erlanger Medical Center	1,974	1,678	2,284	+15.7	1,333	989	985	-26.1%	256	250	245	-4.2%
Memorial Hospital	4,345	4,428	4,284	-1.4%	1,609	1,590	1,459	-9.3%	794	808	737	-7.2%
Parkridge Medical Center	1,964	2,347	2,045	+4.1%	1,478	1,956	1,675	+13.3%	275	308	246	-10.5%
<b>Total</b>	<b>8,283</b>	<b>8,453</b>	<b>8,613</b>	<b>+4.0%</b>	<b>4,420</b>	<b>4,535</b>	<b>4,119</b>	<b>-6.8%</b>	<b>1,325</b>	<b>1,366</b>	<b>1,228</b>	<b>-7.3%</b>

Source: CN1502-005 Supplemental #1

**Service Area**  
**Weighted Utilization of Cardiac Catheterization Service Providers**  
**2011-2013**

Service Area Hospital	# of Cardiac Labs	Diagnostic Cardiac Caths	Therapeutic Cardiac Caths	Total Cardiac Caths	% of need for new service standard	% of total capacity standard
Erlanger Medical Center	4	4,367.5	4,232	8,599.5	153%	107%
Memorial Healthcare System	7	12,448.5	11,591.0	24,039.5	245%	171.7%
Parkridge Medical Center	4	3,806.0	4,949.0	8,755.0	156%	109%
*Other	0	124.5	154	278.5	n/a	n/a
<b>Totals</b>	<b>15</b>	<b>20,746.50</b>	<b>20,926.0</b>	<b>41,672.5</b>	<b>198%</b>	<b>139%</b>

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics, Hospital Discharge Data System 2011-2013

\*Data included from Erlanger North Hospital, Erlanger East Hospital, Memorial North Park Hospital, and Parkridge East Hospital that did not report any utilization data on the 2013 Joint Annual Reports.

- The proposed service area for the period 2011-2013 operated at 198% of the standard for new or additional cardiac catheterization services (i.e., 70% of 2000 weighted cases), and 139% of the total capacity standard (2,000 weighted cases).
- In meeting the lab capacity standard for new or additional cardiac catheterization services, providers in the service area ranged from 153% at Erlanger Medical Center to 245% at Memorial Healthcare System.

*Note to Agency members: The State Health Plan standards and criteria for Cardiac Catheterization Services states a need likely exists for new or additional cardiac catheterization services in a proposed service area if the average current utilization for all existing and approved equal to or greater than 70% of capacity (i.e.-70% of 2000 cases) for the proposed cardiac catheterization service area. The weighted cardiac catheterization utilization to determine current utilization (for 2015) was calculated using hospital discharge data from 2011-2013. In addition, cardiac catheterization project's approved since 2013 are not accounted for in the State Health Plan need formula. Erlanger East Hospital (EEH) was approved at the May 27, 2015 Agency meeting for the expansion of existing cardiac catheterization services to include Interventional Cardiac Catheterization. EEH and Parkridge Medical Center share Hamilton County in their service area. EEH's diagnostic catheterization service was approved in 2004 and has not become operational since being originally approved. EEH plans to implement both diagnostic and therapeutic cardiac catheterization services simultaneously in 2016. The following chart indicates the number of EEH diagnostic and therapeutic un-weighted cases*

*projections that are not accounted for in the State Health Plan in determining need for additional cardiac services.*

**Erlanger East Hospital's Historical and Projected Utilization**

	<b>Historical</b>			<b>Projected</b>	
<b>Service</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Year 1 (2016)</b>	<b>Year 2 (2017)</b>
<b>Diagnostic Cardiac Catheterization</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>382</b>	<b>395</b>
<b>Therapeutic Cardiac Catheterization</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>127</b>	<b>132</b>
<b>Total Cardiac Cases</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>509</b>	<b>527</b>

Source: CN1502-005

The historical and projected utilization of Parkridge Medical Center's diagnostic and therapeutic cardiac catheterization services are illustrated in the following table.

**Parkridge Medical Center's Historical and Projected Utilization  
Cardiac Catheterization**

	<b>Historical un-weighted</b>				<b>Projected un-weighted</b>			<b>%Change 11-21</b>
<b>Service</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Year 1 (2020) Phase 2</b>	<b>Year 2 (2021) Phase 2</b>	
Intracardiac/Coronary Artery-Diagnostic Cases	1,368	1,600	1,475	1,300	1,379	1,552	1,599	+16.9 %
PCI-Interventional	799	1,028	865	860	886	1,027	1,058	+32.4 %
Diagnostic Electrophysiology Cases	240	284	254	217	224	259	267	+11.3%
Therapeutic Electrophysiology Cases	681	813	671	712	733	850	876	+ 28.6%
<b>Total</b>	<b>3,088</b>	<b>3,725</b>	<b>3,265</b>	<b>3,089</b>	<b>3,182</b>	<b>3,688</b>	<b>3,799</b>	<b>+23%</b>

Source: CN1502-005

- Cardiac Catheterization utilization is projected to increase 23% from 3,088 total un-weighted cases in 2011 to 3,799 un-weighted cases in 2021.
- The applicant projects a 3% yearly increase in total cardiac catheterization un-weighted cases from 3,182 in 2015 to 3,799 in Year 1 (2021) of Phase II of

the proposed project. Please refer to table 9 on page 32 of the original application.

#### **Heart and Cardiovascular Mortality Rates**

Marion, Meigs, and Rhea Counties in the proposed service area had a heart and cardiovascular rate higher than the state-wide rate of 220.6 per 100,000 population in 2012 according to the table below.

#### **Proposed Service Area Heart and Cardiovascular Mortality Rate 2012**

County/State	Number of Deaths	Rate
<b>State</b>	<b>14,245</b>	<b>220.6</b>
Hamilton	751	217.3
Marion	83	293.3
Meigs	26	222.2
Rhea	88	272.9
Sequatchie	25	173.3

Source: [http://health.state.tn.us/statistics/PdfFiles/VS\\_Rate\\_Sheets\\_2012/Heart2012.pdf](http://health.state.tn.us/statistics/PdfFiles/VS_Rate_Sheets_2012/Heart2012.pdf)

#### **Parkridge Medical Center's Historical and Projected Utilization Surgical Cases**

Surgical Cases	2012	2013	2014	2017 Year 1 (Phase I)	2018 Year 2 (Phase I)	% Change 12-18
Total	10,684	10,594	10,623	11,273	11,499	+7.6%
# Operating Rooms	13	13	13	13	13	n/a

Source: CN1503-007

- Surgical utilization is projected to increase 7.6% from 10,684 cases in 2012 to 11,499 cases in 2018.
- The total of 13 operating rooms is projected to remain the same during the time period.

**Parkridge Medical Center's Surgical Volume by Specialty  
2013-2014**

<b>Surgical Cases</b>			
<b>Medical Specialty</b>	<b># Cases 2013</b>	<b># Cases 2014</b>	<b>2014 % of Total Cases</b>
<b>OB/GYN</b>	549	558	5.6%
<b>Plastic Surgery</b>	103	117	1.1%
<b>Urology</b>	405	433	4.1%
<b>ENT</b>	90	85	0.80%
<b>Ophthalmology</b>	6	6	.05%
<b>Cardiovascular</b>	669	625	5.9%
<b>Endovascular</b>	631	564	5.3%
<b>Orthopedic</b>	3,745	3,675	34.6%
<b>Oral Surgery</b>	58	50	0.48%
<b>Other</b>	4,338	4,510	42.5%
<b>Total</b>	<b>10,594</b>	<b>10,623</b>	

Source: CN1503-007 Supplemental #1

- Orthopedic surgical cases represent the highest percentage (34.6%) of Parkridge Medical Center's total surgical cases (10,623) in 2014.
- In the supplemental response, the applicant notes Parkridge is recognized as a Blue Cross Blue Shield of Tennessee Blue Distinction Center of Excellence for knee and hip replacement.

**Parkridge Medical Center's Historical and Projected Utilization  
Imaging Department**

<b>Imaging Procedures</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Year 1 (2020) Phase 2</b>	<b>Year 2 (2021) Phase 2</b>	<b>% Change 12-21</b>
CT (2)	12,031	11,569	12,257	13,803	14,079	+17%
MRI	2,587	2,060	2,146	3,316	3,383	+30.8%
Nuclear Medicine	1,405	1,238	1,304	1,557	1,604	+14.2%
Mammography	1,343	1,216	1,032	1,232	1,269	-5.5%

Source: CN1503-007

- MRI utilization is projected to experience the highest percentage increase (30.8%) in Parkridge's imaging department from 2,587 procedures in 2012 to 3,383 procedures in 2021.
- Mammography will be the only imaging service that will decline in utilization from 1,343 procedures in 2012 to 1,269 in 2021, a 5.5% decrease.

### **Project Cost**

Major costs of the \$61,459,477 total estimated project cost are as follows:

- Construction costs – combined cost of \$28,434,452.00, including site preparation, architectural/engineering costs, and contingency or approximately 46.3% of total cost
- Fixed equipment cost of \$16,021,256 or approximately 26.1% of the total project cost.
- For other details on Project Cost, see the Project Cost Chart on page 35 of the application.

### **Historical Data Chart**

- According to the Historical Data Chart, PMC reported decreases in net operating revenue and net operating income before capital expenditures (NOI) from CY2011 to CY2013.
- Net Operating Revenue decreased by approximately 5.0% from \$189,555,693 to \$179,978,802.
- NOI before capital expenditures decreased by approximately 26% from \$39,245,041 in CY2012 to \$29,027,213 in CY2014.

### **Projected Data Chart**

Parkridge Medical Center as a whole projects \$1,552,165,219.00 in total gross revenue on 41,123 days during the first year of operation and \$1,759,235,577 on 43,189 days in Year Two (approximately \$40,733 per day). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal \$37,304,971 in Year One increasing to \$40,969,838 in Year Two.
- Net operating revenue after contractual adjustments is expected to reach \$227,853,566 or approximately 13% of total gross revenue in Year Two.
- Charity care totals \$8,900,628 in Year Two, equaling 219 patient days.

### **Charges**

In Year One of the proposed project, the average charges are as follows:

- The proposed average gross charge per patient day is \$37,745 in 2020.
- The average deduction is \$32,556/day, producing an average net charge of \$5,188/day.

### **Payor Mix**

- The applicant indicates it has contracts with all three TennCare MCOs available to its service area population: United HealthCare Community Plan (formerly AmeriChoice), BlueCare, TennCare Select and AmeriGroup.

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- The total hospital projected payor mix includes Medicare, TennCare, Private/Self-pay and Commercial payor sources. The projected gross operating revenue by Medicare, TennCare, and Charity Care is shown in the table.

**Proposed Project Payor Source, Year 1**

<b>Payor Source</b>	<b>Net Revenue</b>	<b>As a % of Total</b>
Medicare	\$927,163,670	59.8%
TennCare	\$180,281,825	11.6%
Charity Care	\$7,513,307	.48%
<b>Total</b>	<b>\$1,114,958,802</b>	<b>71.8%</b>

*Source: CN1503-007*

**Financing**

- A March 9, 2015 letter from the CFO of TriStar stated that funding would be provided from HCA, Inc. to support the project.
- HCA Holdings, Inc. audited financial statements for the period ending September 30, 2014 indicates \$515,000,000 in cash and cash equivalents, total current assets of \$8,527,000,000, total current liabilities of \$5,632,000,000, and a current ratio of 1.51:1.

*Note to Agency Members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.*

## Staffing

The applicant's proposed direct patient care staffing includes the following:

Position	Current	Year One	Year Two
<b>Surgery Department</b>			
RN	82	83	85
Coordinator	5	5	5
Tech	27	28	29
<b>Total</b>	<b>114</b>	<b>116</b>	<b>119</b>
<b>Imaging Dept.</b>			
RN	1	1	1
Management	3	3	3
Tech	30	31	31
<b>Total</b>	<b>34</b>	<b>35</b>	<b>35</b>
<b>Cardiac Cath Labs</b>			
RN	7	8	9
Coordinator	1	1	1
Tech	7	8	9
<b>Total</b>	<b>15</b>	<b>17</b>	<b>19</b>
<b>Laboratory</b>			
Management	3	3	3
Tech	18	18	18
<b>Total</b>	<b>21</b>	<b>21</b>	<b>21</b>
<b>Grand Total</b>	<b>184</b>	<b>189</b>	<b>194</b>

Source: CN1503-007

## Licensure/Accreditation

The hospital is Joint Commission accredited and actively licensed by the Tennessee Department of Health. The Joint Commission completed a hospital accreditation survey on May 13-16, 2014. A copy of the Joint Commission survey results are located in Attachment C, Orderly Development—7 (C).

*The applicant has submitted the required information on corporate documentation and title and deeds. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency's office.*

Should the Agency vote to approve this project, the CON would expire in three years.

*Note to Agency Members: If approved, Parkridge Medical Center requests an extended expiration date of five years, which is two years beyond the normal expiration date for hospital projects. The Project Completion Chart on page 61 of the original application indicates the completion of Phase II for the proposed project is projected to occur in May 2019.*

#### **CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:**

There are no other Letters of Intent, denied or pending applications for this applicant.

#### **Outstanding Certificates of Need**

**Parkridge Medical Center Inc., CN1408-35A**, has an outstanding Certificate of Need that will expire on December 1, 2017. The project was approved at the October 22, 2014 Agency meeting for the acquisition of a second magnetic resonance imaging (MRI) unit for installation and use in 1,202 square feet of renovated space on the main campus of Parkridge Medical Center (PMC) at 2333 McCallie Avenue, Chattanooga (Hamilton County), TN. The estimated project cost was **\$2,968,942.00**. *Project Status Update: According to a June 2, 2015 update the project is 85% complete. The 3.0 Tesla MRI is in place with applications/training activities beginning June 29, 2015. The estimated construction date is June 26, 2015. The estimated date for patient scheduling is July 7, 2015.*

**Parkridge Valley Hospital, CN1202-006AM** has an outstanding Certificate of Need that will expire on July 1, 2015. The CON was approved at the May 23, 2012 Agency meeting for (1) the addition of sixteen (16) additional child and adolescent psychiatric beds to the sixty-eight (68) beds currently located on the satellite campus at 2200 Morris Hill Road, Chattanooga (Hamilton County) and (2) the relocation of all forty-eight (48) of its licensed adult psychiatric beds to a new campus. The current licensed hospital bed complement at Parkridge Valley Hospital, which is a satellite location of Parkridge Medical Center, will decrease from one hundred sixteen (116) beds to eighty-four (84) beds. The net result of this application is that only child and adolescent psychiatric beds will operate at this location. The estimated project cost is **\$143,000**. *Project Status Update: The project was completed on January 22, 2015. A final project report is pending to the Agency.*

*HCA has financial interests in this project and the following:*

Pending Applications

**TriStar Skyline Medical Center, CN1504-014**, has an application that will be heard at the August 26, 2015 Agency meeting for the renovation of existing spaces and closure of 10 beds at the hospital's satellite campus at 500 Hospital Drive in Madison (Davidson County), TN. The hospital's consolidated 385-bed license will not change as a result of this project. The total estimated project cost is **\$843,000.00**.

**Summit Medical Center, CN1505-020**, has an application that will be heard at the August 26, 2015 Agency meeting for the renovation of existing patient floors to include the addition of 2 medical/surgical beds, the addition of 8 inpatient rehabilitation beds, and the delicensure of 6 obstetric beds by converting 6 LDRP beds to LDR beds; resulting in a net increase of 4 licensed beds. The total estimated project cost is **\$4,892,904**.

Denied Applications:

**Summit Medical Center, CN1206-029D**, was denied at the September 26, 2012 Agency meeting. The application was for the establishment of a 20 bed acute inpatient rehab unit and service in its hospital facility by converting 20 adult psychiatric beds and reclassifying the adult psychiatric unit to an inpatient rehabilitation unit. The estimated cost was projected to be **\$2,500,000.00** *Reason for Denial: The application did not meet the statutory criteria.*

**TriStar Southern Hills Medical Center Emergency Room, CN1409-050**, was denied at the March 25, 2015 Agency meeting. The application was for the establishment of a satellite emergency department facility in a leased building to be constructed. The facility will contain 8 treatment rooms for emergency services at an unaddressed site at the Intersection of Old Hickory Boulevard and American Way, Brentwood (Davidson County), TN 37250. The estimated project cost is **\$11,500,000.00**. *Reason for Denial: The application did not meet the statutory criteria.*

Outstanding Certificates of Need

**Southern Hills Surgery Center, CN1411-047A**, has an outstanding Certificate of Need that will expire July 1, 2017. The project was heard at the May 27, 2015 Agency meeting for the relocation of Southern Hills Surgery Center from 360 Wallace Road, Nashville (Davidson County), TN 37211, to leased space in a building to be constructed at an unaddressed site in the northeast corner of the intersection of Old Hickory Boulevard and American Way, Brentwood (Davidson County), TN 37250. The estimated project cost is **\$17,357,832.00**. *Project Status*

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*Update: The project was recently approved and has been appealed by Saint Thomas Campus Surgicare, L.P., Baptist Surgery Center, L.P., Baptist Plaza Surgicare, L.P., Franklin Endoscopy Center, LLC, and Physicians Pavilion, L.P.*

**Centennial Medical Center, CN1407-032A**, has an outstanding Certificate of Need that will expire on December 1, 2017. The project was approved at the October 22, 2014 Agency meeting for the renovation of the main emergency department, the development of a Joint Replacement Center of Excellence with 10 additional operating rooms; and the increase of the hospital's licensed bed complement from 657 to 686 beds. The estimated project cost was **\$96,192,007.00**. *Project Status Update: According to a June 2, 2015 update, the project is under appeal by St. Thomas Health. The appeal is pending before an Administrative Law Judge with the Secretary of State.*

**Skyline Medical Center, CN1406-020A**, has an outstanding Certificate of Need that will expire on November 1, 2017. It was approved at the September 24, 2014 Agency meeting to increase the licensed bed capacity at the hospital's campus by 10 beds. The beds will be utilized as medical-surgical and intensive care beds. The beds will be added by renovating existing space at the main campus which is located at 3441 Dickerson Pike, Nashville (Davidson County), TN. Simultaneously, 10 licensed beds will be closed at the Skyline satellite campus at 500 Hospital Drive, Madison (Davidson County), TN. TriStar Skyline Medical Center is currently licensed as an acute care hospital with 385 hospital beds. This project will increase beds at the main campus from 213 to 223 beds, and will reduce the satellite campus from 172 to 162 beds, so that the consolidated 385-bed licensed will not change. The estimated project cost is **\$3,951,732.00**. *Project Status Update: According to a June 2, 2015 update, the project is partially implemented; 6 ICU beds are in service; 5 remaining are under construction and will be completed between July 1, 2015 and October 1, 2015.*

**Hendersonville Medical Center, CN1302-002A**, has an outstanding Certificate of Need that will expire on August 1, 2016. It was approved at the June 26, 2013 Agency meeting to construct a new fourth floor of medical surgical beds and initiate Level IIB Neonatal Intensive Care services in a new six (6) licensed bed Level IIB Neonatal Intensive Care Unit (NICU) on its campus at 355 New Shackle Island Road, Hendersonville (Sumner County) Tennessee, 37075. The proposed project will not change the total licensed bed complement. The hospital currently holds a single consolidated license for 148 general hospital beds, of which 110 are located at its main Hendersonville campus and 38 are located at its satellite campus at 105 Redbud Drive, Portland (Sumner County), TN 37148. The applicant will relocate 13 beds from the satellite campus to the main campus, resulting in 123 licensed beds at the Hendersonville campus and 25 licensed beds at the Portland satellite campus. The estimated cost of the project is **\$32,255,000.00**. *Project Status: Per an Annual Progress Report dated May 4, 2015, the full project is underway. NICU construction is expected to be completed by December 2015. Renovation is estimated to be*

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*completed by December 2016. It is expected that a project modification extending the expiration date will be requested.*

**Natchez Surgery Center, CN1002-011A**, has an outstanding Certificate of Need that will expire on July 1, 2015. It was approved at the May 26, 2010 Agency meeting for the establishment of an ambulatory surgical treatment center (ASTC) with three (3) operating rooms and three (3) procedure rooms. After approval, CN801-001A was surrendered which was a similar facility for this site at 107 Natchez Park Drive, Dickson (Dickson County), TN. The estimated cost of the project was **\$13,073,892.00**. *Project Status: The applicant will request a 24 month extension of the expiration date during the June 24, 2015 Agency meeting.*

**Horizon Medical Center Emergency Department, CN1202-008A**, has an outstanding Certificate of Need that will expire on July 1, 2015. The CON was approved at the May 23, 2012 Agency meeting to establish a satellite emergency department facility located at its Natchez Medical Park campus located at 109 Natchez Park Drive, Dickson (Dickson County). Estimated project cost is **\$7,475,395**. *Project Status: The applicant will request a one-month extension of the expiration date during the June 24, 2015 Agency meeting.*

#### **CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:**

There are no Letters of Intent, denied or pending applications for similar service area entities proposing this type of service.

#### **Outstanding Certificates of Need:**

**Erlanger East Hospital, CN1502-005A**, has an outstanding Certificate of Need that will expire July 1, 2018. The CON was approved at the May 27, 2015 Agency meeting to modernize the CON originally issued in 2004 (CN0402-047AE) which was approved for diagnostic cardiac services. The project will upgrade the unimplemented diagnostic cardiac catheterization lab to also perform interventional cardiac procedures. **The estimated project cost is \$303,000.00** *Project Status Update: The project was recently approved.*

**Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Medical Center, CN1207-034A**, has an outstanding Certificate of Need that will expire December 1, 2015. The CON was approved at the October 24, 2012 Agency meeting for the renovation, upgrade and modernization of adult operating rooms, including the addition of four (4) new operating rooms. No other health care services will be initiated or discontinued. The estimated project cost is **\$21,725,467.00**. *Project Status*

**PARKRIDGE MEDICAL CENTER**

**CN1503-007**

**JUNE 24, 2015**

**PAGE 17**

*Update: The applicant was approved at the May 27, 2015 Agency meeting for a 2 year extension to November 1, 2017.*

**Memorial Hospital, CN0609-069AE**, has an outstanding Certificate of Need that will expire on February 1, 2016. The CON was approved at the December 20, 2006 Agency meeting for the addition to and renovation of the hospital to replace and expand the surgical suite, including one (1) OR equipped with robotic surgical capacity, the cardiac catheterization laboratories and endovascular labs. The addition includes three replacement medical/surgical units and three intensive care units. Thirty-two (32) inpatient beds will be relocated to Memorial Hospital from the satellite hospital, Memorial North Park Hospital. The bed relocation will increase the number of licensed beds at Memorial Hospital from 322 to 354, while decreasing the number of licensed beds at Memorial North Park Hospital from 83 to 51. Major medical equipment will be acquired to open one additional cardiac catheterization lab and one additional endovascular lab. The project includes major medical equipment replacement for three endovascular labs and one (1) MRI unit. The modified estimated project cost is **\$294,970,000**. *Project Status Update: According to a June 8, 2015 update Memorial has assumed occupancy of the new patient towers and is in the final stages of payment reconciliation to vendors for the project. As soon as final invoicing is complete, Memorial will submit a final report for the project.*

**Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger East, CN 0405-047AE**, has an outstanding Certificate of Need that, following three modifications for extension of the time, will expire on December 1, 2016. The CON was approved at the October 27, 2004 Agency meeting for the construction of a new four (4) story patient tower and other ancillary space: transfer of seventy-nine (79) beds from the main Erlanger campus to the east campus: initiation of cardiac catheterization and acquisition of a magnetic resonance imaging (MRI) scanner. This project will decrease the main campus beds from 703 to 624 licensed beds. The 79 licensed beds will be transferred to the Erlanger East Hospital satellite campus resulting in an increase of 28 to 107 licensed beds at that location. The estimated project cost is **\$68,725,321.00**. *Project Status Update: A letter dated June 3, 2015 to the Agency states the project continues to be implemented consistent with the approved CON. A more efficient design of the project of 142,584 SF vs 178,500 SF will be used. The project expiration date was extended to December 1, 2016 at the September 24, 2014 Agency meeting (the project's 4<sup>th</sup> approved extension request).*

**PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH,  
DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE  
STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND  
CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN  
THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS  
SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.**

PME  
6/9/2015

## LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

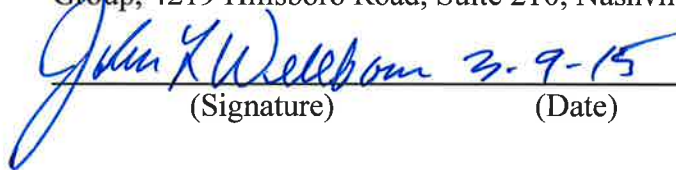
The Publication of Intent is to be published in the Chattanooga Times/Free Press, which is a newspaper of general circulation in Hamilton County, Tennessee, on or before Tuesday, March 10, 2015, for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Parkridge Medical Center (a hospital), owned and managed by Parkridge Medical Center, Inc. (a corporation), intends to file an application for a Certificate of Need to remodel and expand the floor space of several patient care and support Departments, and to acquire an additional cardiac catheterization laboratory and a bone densitometry unit, at its main campus at 2333 McCallie Avenue, Chattanooga, TN 37404, at a capital cost estimated at \$62,000,000.

Parkridge Medical Center, Inc. owns and operates five campuses with a consolidated license for 621 hospital beds, issued by the Board for Licensing Healthcare Facilities. The 2333 McCallie Avenue campus, where this project is located, operates 275 of those beds. The project will not contain any major medical equipment or initiate or discontinue any health service; and it will not affect the hospital's licensed bed complement. The project will not add patient care capacity to any Department other than as stated above.

The anticipated date of filing the application is on or before March 13, 2015. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

 3-9-15

(Signature)

(Date)

jwdsg@comcast.net  
(E-mail Address)

**CERTIFICATE OF NEED  
REVIEWED BY THE DEPARTMENT OF HEALTH  
DIVISION OF POLICY, PLANNING AND ASSESSMENT  
615-741-1954**

**DATE:** May 30, 2015

**APPLICANT:** TriStar Parkridge Medical Center  
2333 McCallie Avenue  
Chattanooga, Tennessee 37404  
  
CN1503-007

**CONTACT PERSON:** John Wellborn  
Development Support Group  
4219 Hillsboro Road, Suite 210  
Nashville, Tennessee 37215

**COST:** \$61,459,477

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

**SUMMARY:**

The applicant, TriStar Parkridge Medical Center, located at 2333 McCallie Avenue, Chattanooga (Hamilton County), Tennessee, seeks Certificate of Need (CON) approval to remodel and expand several patient care and support departments, and to acquire an additional Cardiac Catheterization Laboratory with a bone densitometry unit at its main campus. The project involves 92,662 total square feet, of which 54,049 square feet will be renovated construction and 38,613 square feet will be new construction. The cost per square foot is \$184.32 for renovation and \$320 for new construction. The combined average total cost per square foot is \$240.86.

TriStar Parkridge Medical Center is wholly owned by HCA Health Services of Tennessee, Inc., whose ultimate parent company is HCA, Inc. Attachment A.4 contains an organizational chart and information of the Tennessee facilities owned by this facility's parent company.

The total project cost is \$61,459,477 and will be funded by a cash transfer from HCA, the applicant's parent company, through its Tennessee division office, TriStar Health.

**GENERAL CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

**NEED:**

The applicant's service area includes Hamilton, Marion, Rhea, and Sequatchie counties in Tennessee; and Catoosa and Walker counties in Georgia.

County	2015 Population	2019 Population	% of Increase/ (Decrease)
Hamilton	349,273	354,610	1.5%
Marion	28,652	29,125	1.7%
Rhea	33,767	35,081	3.9%
Sequatchie	15,246	16,270	6.7%
<b>Total</b>	<b>426,938</b>	<b>435,086</b>	<b>1.9%</b>

*Tennessee Population Projections 2000-2020, June 2010 Revision, Tennessee Department of Health*

TriStar Parkridge Medical Center is a 254-bed tertiary acute care hospital, the flagship facility of the 621-bed, four campus TriStar Parkridge Health System. The Medical Center's main building is 23 years old and houses several departments that need to expand or relocate within the campus.

The services that are the subject of this CON request are Surgery, Imaging, Cardiac Catheterization, Pharmacy, Laboratory, and Admitting/Pre-Admission Testing. Some of these services are being relocated to provide space to expand the others. The project will not increase the number of beds, treatment rooms or treatment capacity with the exception of Cardiac Catheterization, which requires a fifth laboratory, and Imaging, which will add a bone densitometry room.

TriStar Parkridge Medical Center's Surgery Department, Operating Rooms need to be enlarged or updated; the Recovery area needs to be enlarged; and surgical support areas need to be realigned and upgraded. This work will require a significant expansion of the Surgery Department's floor space. As a result, this expansion will displace the adjoining Imaging and Laboratory Departments. The construction will also affect adjoining areas such as the hospital entrance, registration, preadmission testing, and pharmacy.

The most significant portion of this project is the addition of a fifth cardiac cath lab to the hospital's current cardiac cath service. There are two other providers of cardiac cath services in the service area. Erlanger Medical Center has 4 cardiac cath labs and is requesting approval for a 5<sup>th</sup> (CN1502-005); and Memorial Health System has 7 cardiac cath labs.

The Tennessee Department of Health calculated the need for cardiac catheterization services using the following methodology and data:

Data Sources: TDH Hospital Discharge Data System (HDDS)

Data Years: 2011-2013 (most recent years of finalized HDDS data)

Methodology: Determine the three year Cardiac Cath weighted volume (diagnostic and therapeutic) performed by each Tennessee hospital in the service area by 13 age groups calculating a single year average. Include all patients seen, both Tennessee resident and non-resident. Include all occurrences of Cardiac Cath ICD-9 Procedure Codes or CPT HCPCS codes with a Revenue Code 0481, Cardiology - Cardiac Cath Lab. Summarize cases based on the highest weighted code.

Cardiac Cath ICD-9 and CPT codes and categorizations determined by the Bureau of TennCare and the Tennessee Hospital Association. Note: there was a major shift in CPT coding beginning in 2011.

The service area for the current application includes Hamilton, Marion, Rhea and Sequatchie counties. Acute care hospitals found in this area (during the years 2011-2013) are Erlanger Medical Center, Erlanger North, Erlanger East, Memorial North Park, Memorial Healthcare System, Parkridge Medical Center, Parkridge East Hospital, Grandview Medical Center and Rhea Medical Center. There are no acute care hospitals located in Sequatchie County, TN.

Grandview Medical Center (State ID 58233) and Rhea Medical Center (State ID 72223) did not record any claims in the time period with Revenue Code 0481, Cardiology - Cardiac Cath Lab.

Erlanger Medical Center (State ID 33203)									
Highest Weighted* Cardiac Cath Services Provided - Hospital Discharge Recorded Data - 2011-2013									
Diagnostic Cardiac Caths					Therapeutic Cardiac Caths				
Age Grp	Diagnostic Total	Service Categories			Age Grp	Therapeutic Total	Service Categories		
		CC	PV	EP			CC	PV	EP
Total	4,367.5	4,042.0	43.5	282.0	Total	4,232.0	554.0	3,174.0	504.0
0 - 17	140.0	136.0	0.0	4.0	0 - 17	118.0	104.0	6.0	8.0
18 - 29	36.0	30.0	0.0	6.0	18 - 29	34.0	2.0	12.0	20.0
30 - 39	156.0	141.0	3.0	12.0	30 - 39	177.0	10.0	147.0	20.0
40 - 44	252.5	235.0	1.5	16.0	40 - 44	257.0	14.0	219.0	24.0
45 - 49	397.5	382.0	1.5	14.0	45 - 49	357.0	24.0	297.0	36.0
50 - 54	605.5	567.0	10.5	28.0	50 - 54	630.0	62.0	540.0	28.0
55 - 59	645.5	587.0	4.5	54.0	55 - 59	661.0	62.0	531.0	68.0
60 - 64	661.0	617.0	6.0	38.0	60 - 64	617.0	76.0	453.0	88.0
65 - 69	565.5	528.0	7.5	30.0	65 - 69	518.0	80.0	378.0	60.0
70 - 74	415.5	377.0	4.5	34.0	70 - 74	393.0	50.0	267.0	76.0
75 - 79	292.0	261.0	3.0	28.0	75 - 79	271.0	54.0	177.0	40.0
80 - 84	146.5	133.0	1.5	12.0	80 - 84	127.0	10.0	93.0	24.0
85 +	54.0	48.0	0.0	6.0	85 +	72.0	6.0	54.0	12.0
CC - Cardiac Catheterization		PV - Peripheral Vascular Catheterization			EP - Electrophysiological Studies				
* Cardiac Cath ICD-9, CPT codes and service categories provided by the Bureau of TennCare and the Tennessee Hospital Association.									
Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.									
Hospital Discharge Data System, 2011-2013. Nashville, TN.									

Erlander North (State ID 33213)									
Highest Weighted* Cardiac Cath Services Provided - Hospital Discharge Recorded Data - 2011-2013									
Diagnostic Cardiac Caths					Therapeutic Cardiac Caths				
Age Grp	Diagnostic Total	Service Categories			Age Grp	Therapeutic Total	Service Categories		
		CC	PV	EP			CC	PV	EP
Total	1.0	1.0	0.0	0.0	Total	0.0	0.0	0.0	0.0
0 - 17	0.0	0.0	0.0	0.0	0 - 17	0.0	0.0	0.0	0.0
18 - 29	0.0	0.0	0.0	0.0	18 - 29	0.0	0.0	0.0	0.0
30 - 39	0.0	0.0	0.0	0.0	30 - 39	0.0	0.0	0.0	0.0
40 - 44	0.0	0.0	0.0	0.0	40 - 44	0.0	0.0	0.0	0.0
45 - 49	1.0	1.0	0.0	0.0	45 - 49	0.0	0.0	0.0	0.0
50 - 54	0.0	0.0	0.0	0.0	50 - 54	0.0	0.0	0.0	0.0
55 - 59	0.0	0.0	0.0	0.0	55 - 59	0.0	0.0	0.0	0.0
60 - 64	0.0	0.0	0.0	0.0	60 - 64	0.0	0.0	0.0	0.0
65 - 69	0.0	0.0	0.0	0.0	65 - 69	0.0	0.0	0.0	0.0
70 - 74	0.0	0.0	0.0	0.0	70 - 74	0.0	0.0	0.0	0.0
75 - 79	0.0	0.0	0.0	0.0	75 - 79	0.0	0.0	0.0	0.0
80 - 84	0.0	0.0	0.0	0.0	80 - 84	0.0	0.0	0.0	0.0
85 +	0.0	0.0	0.0	0.0	85 +	0.0	0.0	0.0	0.0
CC - Cardiac Catheterization					PV - Peripheral Vascular Catheterization			EP - Electrophysiological Studies	

\* Cardiac Cath ICD-9, CPT codes and service categories provided by the Bureau of TennCare and the Tennessee Hospital Association.

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics. Hospital Discharge Data System, 2011-2013, Nashville, TN.

Erlanger East (State ID 33233)									
Highest Weighted* Cardiac Cath Services Provided - Hospital Discharge Recorded Data - 2011-2013									
Diagnostic Cardiac Caths					Therapeutic Cardiac Caths				
Age Grp	Diagnostic Total	Service Categories			Age Grp	Therapeutic Total	Service Categories		
		CC	PV	EP			CC	PV	EP
Total	1.0	1.0	0.0	0.0	Total	0.0	0.0	0.0	0.0
0 - 17	0.0	0.0	0.0	0.0	0 - 17	0.0	0.0	0.0	0.0
18 - 29	0.0	0.0	0.0	0.0	18 - 29	0.0	0.0	0.0	0.0
30 - 39	0.0	0.0	0.0	0.0	30 - 39	0.0	0.0	0.0	0.0
40 - 44	0.0	0.0	0.0	0.0	40 - 44	0.0	0.0	0.0	0.0
45 - 49	1.0	1.0	0.0	0.0	45 - 49	0.0	0.0	0.0	0.0
50 - 54	0.0	0.0	0.0	0.0	50 - 54	0.0	0.0	0.0	0.0
55 - 59	0.0	0.0	0.0	0.0	55 - 59	0.0	0.0	0.0	0.0
60 - 64	0.0	0.0	0.0	0.0	60 - 64	0.0	0.0	0.0	0.0
65 - 69	0.0	0.0	0.0	0.0	65 - 69	0.0	0.0	0.0	0.0
70 - 74	0.0	0.0	0.0	0.0	70 - 74	0.0	0.0	0.0	0.0
75 - 79	0.0	0.0	0.0	0.0	75 - 79	0.0	0.0	0.0	0.0
80 - 84	0.0	0.0	0.0	0.0	80 - 84	0.0	0.0	0.0	0.0
85 +	0.0	0.0	0.0	0.0	85 +	0.0	0.0	0.0	0.0
CC - Cardiac Catheterization					PV - Peripheral Vascular Catheterization			EP - Electrophysiological Studies	
* Cardiac Cath ICD-9, CPT codes and service categories provided by the Bureau of TennCare and the Tennessee Hospital Association.									
Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics. Hospital Discharge Data System, 2011-2013. Nashville, TN.									

Memorial North Park (State ID 33223)										
Highest Weighted* Cardiac Cath Services Provided - Hospital Discharge Recorded Data - 2011-2013										
Diagnostic Cardiac Caths					Therapeutic Cardiac Caths					
Age Grp	Diagnostic Total	Service Categories			Age Grp	Therapeutic Total	Service Categories			
		CC	PV	EP			CC	PV	EP	
Total	108.5	105.0	1.5	2.0	Total	125.0	2.0	123.0	0.0	
0 - 17	0.0	0.0	0.0	0.0	0 - 17	0.0	0.0	0.0	0.0	
18 - 29	0.0	0.0	0.0	0.0	18 - 29	0.0	0.0	0.0	0.0	
30 - 39	3.0	3.0	0.0	0.0	30 - 39	9.0	0.0	9.0	0.0	
40 - 44	2.0	2.0	0.0	0.0	40 - 44	0.0	0.0	0.0	0.0	
45 - 49	8.0	8.0	0.0	0.0	45 - 49	9.0	0.0	9.0	0.0	
50 - 54	10.0	10.0	0.0	0.0	50 - 54	15.0	0.0	15.0	0.0	
55 - 59	9.0	9.0	0.0	0.0	55 - 59	9.0	0.0	9.0	0.0	
60 - 64	11.5	10.0	1.5	0.0	60 - 64	6.0	0.0	6.0	0.0	
65 - 69	12.0	10.0	0.0	2.0	65 - 69	20.0	2.0	18.0	0.0	
70 - 74	14.0	14.0	0.0	0.0	70 - 74	12.0	0.0	12.0	0.0	
75 - 79	16.0	16.0	0.0	0.0	75 - 79	18.0	0.0	18.0	0.0	
80 - 84	13.0	13.0	0.0	0.0	80 - 84	18.0	0.0	18.0	0.0	
85 +	10.0	10.0	0.0	0.0	85 +	9.0	0.0	9.0	0.0	
CC - Cardiac Catheterization					PV - Peripheral Vascular Catheterization			EP - Electrophysiological Studies		
* Cardiac Cath ICD-9, CPT codes and service categories provided by the Bureau of TennCare and the Tennessee Hospital Association.										
Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.										
Hospital Discharge Data System, 2011-2013. Nashville, TN.										

### Memorial Healthcare System (State ID 33323)

#### Highest Weighted\* Cardiac Cath Services Provided - Hospital Discharge Recorded Data - 2011-2013

Diagnostic Cardiac Caths					Therapeutic Cardiac Caths				
Age Grp	Diagnostic Total	Service Categories			Age Grp	Therapeutic Total	Service Categories		
		CC	PV	EP			CC	PV	EP
Total	12,448.5	11,019.0	277.5	1,152.0	Total	11,591.0	1,632.0	8,379.0	1,580.0
0 - 17	0.0	0.0	0.0	0.0	0 - 17	0.0	0.0	0.0	0.0
18 - 29	30.0	26.0	0.0	4.0	18 - 29	26.0	6.0	12.0	8.0
30 - 39	260.0	242.0	0.0	18.0	30 - 39	142.0	26.0	108.0	8.0
40 - 44	400.5	376.0	4.5	20.0	40 - 44	290.0	32.0	222.0	36.0
45 - 49	721.5	666.0	7.5	48.0	45 - 49	571.0	60.0	471.0	40.0
50 - 54	1,120.0	1,046.0	24.0	50.0	50 - 54	881.0	102.0	699.0	80.0
55 - 59	1,355.5	1,246.0	25.5	84.0	55 - 59	1,271.0	144.0	987.0	140.0
60 - 64	1,651.5	1,509.0	34.5	108.0	60 - 64	1,370.0	194.0	996.0	180.0
65 - 69	2,127.5	1,862.0	55.5	210.0	65 - 69	1,967.0	310.0	1,437.0	220.0
70 - 74	1,910.0	1,615.0	51.0	244.0	70 - 74	1,825.0	310.0	1,251.0	264.0
75 - 79	1,504.0	1,289.0	33.0	182.0	75 - 79	1,601.0	246.0	1,083.0	272.0
80 - 84	890.0	743.0	27.0	120.0	80 - 84	1,038.0	120.0	702.0	216.0
85 +	478.0	399.0	15.0	64.0	85 +	609.0	82.0	411.0	116.0

CC - Cardiac Catheterization PV - Peripheral Vascular Catheterization EP - Electrophysiological Studies

\* Cardiac Cath ICD-9, CPT codes and service categories provided by the Bureau of TennCare and the Tennessee Hospital Association.

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.  
Hospital Discharge Data System, 2011-2013. Nashville, TN.

### Parkridge Medical Center (State ID 33383)

#### Highest Weighted\* Cardiac Cath Services Provided - Hospital Discharge Recorded Data - 2011-2013

Diagnostic Cardiac Caths					Therapeutic Cardiac Caths				
Age Grp	Diagnostic Total	Service Categories			Age Grp	Therapeutic Total	Service Categories		
		CC	PV	EP			CC	PV	EP
Total	3,806.0	3,198.0	54.0	554.0	Total	4,949.0	896.0	3,477.0	576.0
0 - 17	0.0	0.0	0.0	0.0	0 - 17	0.0	0.0	0.0	0.0
18 - 29	16.0	10.0	0.0	6.0	18 - 29	14.0	4.0	6.0	4.0
30 - 39	82.5	73.0	1.5	8.0	30 - 39	94.0	10.0	72.0	12.0
40 - 44	130.5	124.0	4.5	2.0	40 - 44	138.0	10.0	120.0	8.0
45 - 49	247.0	237.0	0.0	10.0	45 - 49	304.0	26.0	270.0	8.0
50 - 54	395.0	347.0	6.0	42.0	50 - 54	518.0	64.0	426.0	28.0
55 - 59	436.5	394.0	4.5	38.0	55 - 59	553.0	64.0	429.0	60.0
60 - 64	483.0	421.0	6.0	56.0	60 - 64	655.0	112.0	483.0	60.0
65 - 69	613.0	516.0	9.0	88.0	65 - 69	795.0	162.0	549.0	84.0
70 - 74	559.0	420.0	15.0	124.0	70 - 74	706.0	178.0	432.0	96.0
75 - 79	409.0	322.0	3.0	84.0	75 - 79	511.0	116.0	315.0	80.0
80 - 84	291.5	225.0	4.5	62.0	80 - 84	429.0	98.0	255.0	76.0
85 +	143.0	109.0	0.0	34.0	85 +	232.0	52.0	120.0	60.0

CC - Cardiac Catheterization PV - Peripheral Vascular Catheterization EP - Electrophysiological Studies

\* Cardiac Cath ICD-9, CPT codes and service categories provided by the Bureau of TennCare and the Tennessee Hospital Association.

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.  
Hospital Discharge Data System, 2011-2013. Nashville, TN.

<b>Parkridge East Hospital (State ID 33393)</b>									
<b>Highest Weighted* Cardiac Cath Services Provided - Hospital Discharge Recorded Data - 2011-2013</b>									
<b>Diagnostic Cardiac Caths</b>					<b>Therapeutic Cardiac Caths</b>				
Age Grp	Diagnostic Total	Service Categories			Age Grp	Therapeutic Total	Service Categories		
		CC	PV	EP			CC	PV	EP
Total	14.0	14.0	0.0	0.0	Total	29.0	2.0	27.0	0.0
0 - 17	0.0	0.0	0.0	0.0	0 - 17	0.0	0.0	0.0	0.0
18 - 29	0.0	0.0	0.0	0.0	18 - 29	0.0	0.0	0.0	0.0
30 - 39	0.0	0.0	0.0	0.0	30 - 39	0.0	0.0	0.0	0.0
40 - 44	1.0	1.0	0.0	0.0	40 - 44	3.0	0.0	3.0	0.0
45 - 49	0.0	0.0	0.0	0.0	45 - 49	0.0	0.0	0.0	0.0
50 - 54	0.0	0.0	0.0	0.0	50 - 54	0.0	0.0	0.0	0.0
55 - 59	0.0	0.0	0.0	0.0	55 - 59	0.0	0.0	0.0	0.0
60 - 64	0.0	0.0	0.0	0.0	60 - 64	0.0	0.0	0.0	0.0
65 - 69	7.0	7.0	0.0	0.0	65 - 69	12.0	0.0	12.0	0.0
70 - 74	2.0	2.0	0.0	0.0	70 - 74	6.0	0.0	6.0	0.0
75 - 79	2.0	2.0	0.0	0.0	75 - 79	3.0	0.0	3.0	0.0
80 - 84	1.0	1.0	0.0	0.0	80 - 84	5.0	2.0	3.0	0.0
85 +	1.0	1.0	0.0	0.0	85 +	0.0	0.0	0.0	0.0
CC - Cardiac Catheterization      PV - Peripheral Vascular Catheterization      EP - Electrophysiological Studies									
* Cardiac Cath ICD-9, CPT codes and service categories provided by the Bureau of TennCare and the Tennessee Hospital Association.									
Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.									
Hospital Discharge Data System, 2011-2013. Nashville, TN.									

From the 2013 Joint Annual Reports (JAR) of Hospitals there are 15 Cardiac Cath labs in operation in the service area:

Erlanger Medical Center (State ID 33203) – 4 labs  
Memorial Healthcare System (State ID 33323) – 7 labs  
Parkridge Medical Center (State ID 33383) – 4 labs

Service Area Hospital	Diagnostic Cardiac Caths	Therapeutic Cardiac Caths	Total Cardiac Caths
Erlanger Medical Center (State ID 33203)	4,367.5	4,232.0	8,599.5
Erlanger North (State ID 33213)	1.0	0.0	1.0
Erlanger East (State ID 33233)	1.0	0.0	1.0
Memorial North Park (State ID 33223)	108.5	125.0	233.5
Memorial Healthcare System (State ID 33323)	12,448.5	11,591.0	24,039.5
Parkridge Medical Center (State ID 33383)	3,806.0	4,949.0	8,755.0
Parkridge East Hospital (State ID 33393)	14.0	29.0	43.0
Totals	20,746.5	20,926.0	41,672.5
# of Cardiac Cath Labs in Service Area (JAR)	15		
Capacity per Lab (defined by standards)	2,000		
Total Capacity in Service Area	30,000		
Percent of Existing Services to Capacity	138.9%		

Currently, the existing services are operating at 132% of capacity. It appears there is a need for additional cardiac services.

**TENNCARE/MEDICARE ACCESS:**

TriStar Parkridge Medical Center serves Medicare, Medicaid, TennCare, and medically indigent patients. The applicant contracts with AmeriGroup or BlueCare, United Healthcare Community Plan, and TennCare Select.

TriStar Parkridge projects Medicare revenues of \$927,163,670 or 59.76% of total gross revenues, TennCare revenues of \$180,281,825 or 11.62% of total gross revenues, and charity care revenues of \$7,513,307 or 0.48% of total gross revenues.

**ECONOMIC FACTORS/FINANCIAL FEASIBILITY:**

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

**Project Costs Chart:** The Project Costs Chart is located on page 35 of the application. The total estimated project cost is \$61,459,477.

**Historical Data Chart:** The Historical Data Chart is located on page 39R of the Supplemental 1. The applicant reported 40,134, 39,074, and 37,540 patient days in 2012, 2013, and 2014, with net operating income \$44,457,274, \$44,577,699, \$37,091,744 each year, respectively.

**Projected Data Chart:** The Projected Data Chart can be found on page 41 of the application. The applicant projects 41,123 and 43,189 patient days in years one and two with net operating income of \$37,304,971 and \$40,969,838 each year, respectively.

The applicant provided the average charges, deductions, net charge, and net operating income below.

	CY2020	CY2021
Patient Days	\$41,123	\$43,189
Average Gross Charge Per Day	\$37,745	\$40,733
Average Gross Charge Per Admission	\$177,243	\$190,806
Average Deduction per Day	\$32,556	\$35,547
Average Gross Charge Per Admission	\$152,880	\$166,093
Average Net Charge (Net Operating Revenue) per Day	\$5,188	\$5,276
Average Net Charge (Net Operating Revenue) per Admission	\$24,363	\$24,713
Average Net Operating Income After Expenses, per Day	\$760	\$805
Average Net Operating Income After Expenses, per Admission	\$3,570	\$3,769

The following chart contains a comparison of charges per inpatient day at Hamilton County Tertiary Hospitals.

<b>Hamilton County Hospitals</b>	<b>Gross Inpatient Charges</b>	<b>Inpatient Days</b>	<b>Gross Inpatient Charge per Day</b>
TriStar Parkridge Medical Center	\$495,454,520	39,074	\$12,680
Erlanger Medical Center	\$941,551,381	126,381	\$7,450
Memorial Healthcare	798,644,956\$	95,924	\$8,326

This is primarily a modernization project and is driven by the need to expand and modernize surgery. Therefore, there were no other alternatives identified.

#### **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:**

TriStar Parkridge Medical Center is a tertiary referral hospital with a service area that includes six counties in Tennessee and Georgia. Parkridge routinely discharges patients to nursing homes, home health agencies, hospices, and rehabilitation hospitals and units in Tennessee and Georgia. The applicant provides a listing of providers to whom patients are regularly referred on page 51 and 52 of the application, as well as in Supplemental 1.

The project will involve the addition of 10.0 FTE employees by year two of the project. The applicant provides a chart on page 54 of the application illustrating the current and projected staffing.

TriStar Parkridge Medical Center is a clinical rotation site for numerous students in the health professions. The applicant provides a listing on page 56 and 57 of the application.

TriStar Parkridge Medical Center is licensed in good standing with the Tennessee Department of Health, Board for Licensing Healthcare Facilities and fully accredited by the Joint Commission.

#### **SPECIFIC CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

#### **CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS**

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

*There are no components that are subject to CON review criteria.*

2. For relocation or replacement of an existing licensed health care institution:
  - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.
  - b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

*This criterion is not applicable.*

3. For renovation or expansions of an existing licensed health care institution:
  - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

*This is an existing facility that is upgrading and modernizing its patient service line and adding a cardiac cath lab due to the high volume the facility is experiencing in the 4 current labs.*

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

*This is an existing facility that is being updated and expanded for modernization purposes. There is no alternative to updating surgical suites and modernizing patient services and it is not feasible to relocate these services as they are part of an integrated hospital system.*

